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SPEECHES

BY

MR. GEORGE YULE.

SECOND EDITION.

EDITED BY

RAJ JOGESHUR MITTER.



CALCUTTA:

S. K. LAHIRI & CO., 54, COLLEGE STREET.

1890.

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THIS BOOK

IS

Respectfully Dedicated

TO

R. D. MEHTA, Esq., J.P.,

Patriot, Philanthropist, and Mouthpiece of the People,

AS

A TOKEN OF REGARD AND ADMIRATION FOR HIS MANY AND VARIED
QUALITIES OF HEAD AND HEART, FOR HIS PATRIOTISM, PUBLIC-
SPIRITEDNESS, AND UNFLINCHING DEVOTION TO THE CAUSE
OF THE COUNTRY, FOR HIS HONESTY OF PURPOSE
AND MORAL RECTITUDE, AND FOR HIS PLAIN
OUTSPOKENNESS, TEMPERED WITH
MODERATION AND INDE-
PENDENCE

PREFACE.



No apology, it seems to me, is necessary for this publication. Mr. George Yule's name has become a household word in New India. He has lived in this country for many years, and has, by reason of his high position in life and in society, exceptional opportunities of taking a comprehensive view of the wants and shortcomings of the administration of India by its English rulers. These opportunities he has studiously utilized. Strong in himself, and imbued with that sturdy spirit of independence which so pre-eminently distinguishes the character of a true Briton, he has been accustomed to apply himself to the study of an important question, without fear or favour, and to give expression to his own convictions in respect thereof in burning words of earnestness, free from all manner of vulgar prejudice. He is not a casual or superficial observer, but sifts every matter that comes under his observation to the bottom, with a view to separate the wheat from the tares. The utterances of such a man must needs be treasured up in the recollection of those among whom he has lived and worked during the best years of his life. But with us, the people

of this country, his words of wisdom, so far as they represent the measure he has taken of our conditions of life under British rule—the way in which we are governed and the prospects that are before us—have another and a more important significance.

These words bring the conviction home to our minds that there are European gentlemen outside the circle of the few fossilized bureaucrats who rule the country, whose hearts beat in sympathy with our wants and grievances, and our hopes and aspirations, and who would be only too glad to help us, if they could, in winning for us, by means legitimate and constitutional, those proud privileges which shed so much lustre on the status of a free citizen of a free and enlightened empire. Constitutional agitation is still a new art amongst us, and we must, therefore—at any rate for some time yet, till we have learnt it well—look up to and trust such friends as our guides. Indeed, we can hardly hope to succeed in our present struggle for freedom and liberty without their active help and cooperation. We must, therefore, listen to what they say, study their utterances, and lay to heart their words of advice.

One among the foremost of the men who have evinced a disinterested enthusiasm in pushing forward the cause of our political advancement is Mr. George Yule; his speeches—apart from the interest which they derive from the nature of the subjects on which he has spoken and the manner in which he has dealt with them—afford a

clear indication as to several weak points in the British administration of India, and the measures which he thinks should be adopted to strengthen them. It is remarkable that his thoughts in this respect should, generally speaking, run in the same direction with those of our educated countrymen: and it is this happy coincidence, if not anything else, which has induced me to venture to place before the Indian public those thoughts in a collected form.

In conclusion, it must be noted that, throughout his speeches, Mr. Yule has especially drawn attention to the common interests which bind together the non-official Anglo-Indian population and the people of this country, interests which it would be a blunder to ignore in view of the situation in which the two stand at present in relation to the official hierarchy in their midst. It is impossible to exaggerate the importance of this observation; for this close identity of interests will, if once realized, contribute in no small measure towards consolidating the administration of the country upon a solid and permanent basis.

RAJ JOGESHUR MITTER.

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E R R A T A .

Page 11 —	8th line from bottom	read <i>prevail</i>	in place of <i>prevails</i>
„ 14 —	5th	„ <i>never</i>	„ <i>nerve</i>
„ 50 —	13th	„ <i>metals</i>	„ <i>markets.</i>
„ 57. —	6th & 7th	„	delete semi-colon and comma
„ 85 —	6th	„	top delete comma
„ 89 —	14th	„ „	insert <i>was</i>
„ 170. —	13th	„	bottom for <i>believed</i> read <i>believe</i>

ter. We have had no exciting topic before us such as the depreciation of silver, or that of exchange, but such as “the overland mail service,” which is an old friend, and we are pleased to learn that it is to be entrusted once more to the careful keeping of those old and familiar friends the P. and O. Company. Then there are four subjects connected with the customs; there are also the subjects of Steamers Survey Certificates, Compulsory Pilotage, Calcutta Canals, and about a dozen others which are all set forth in the Index

Port Charges, etc.

*The following speech was delivered by MR. GEORGE YULE at the
Half-Yearly General Meeting of the Bengal Chamber of Com-
merce, held on Tuesday, the 18th February, 1889.*

GENTLEMEN,

In moving the adoption of the Report which has been circulated among you, I will follow the practice of my predecessors, and comment upon some of the subjects that have been under our consideration during the past half-year. You may have noticed that the subjects are more numerous than usual, and that they are all of an every-day business character. We have had no exciting topic before us such as the depreciation of silver, or that of exchange, but such as "the overland mail service," which is an old friend, and we are pleased to learn that it is to be entrusted once more to the careful keeping of those old and familiar friends the P. and O. Company. Then there are four subjects connected with the customs; there are also the subjects of Steamers Survey Certificates, Compulsory Pilotage, Calcutta Canals, and about a dozen others which are all set forth in the Index

before you. What I intend doing is to select three of the subjects and confine my remarks to them. The first is the License Tax, and on it I shall be very brief. The second is the Jetty Charges, and along with it I will consider the larger questions of Port Charges generally and Port management. On these, I have a rather lengthened statement to make; but I trust you will think, after I have done with it, that the time occupied in bringing it before you has not been wholly mis-spent. The third is the "value-payable parcels," and I shall then take up a little of your time in referring to the present state of trade. But, before commencing what I have to say on those subjects, I wish to express my thanks to the members of the Committee for their forbearance with me in what, I fear, must necessarily have been a very imperfect discharge of the duties appertaining to the office of your President; and I owe similar thanks to the Secretary for his uniform courtesy and for the aid he has afforded me in the new and untried position into which I was, in a manner, pitchforked, without having had the advantage which a preliminary training as a member of the Committee would have given me.

You will see that the prayer of our memorial in connection with the License Tax was rejected. The Chamber had no objection to the principle of the tax, but it seemed that there was an absence of justice in imposing the tax upon persons who derived their income from precarious trade and exempting those whose income was not of an uncertain character. In addition to the inequality of its incidence there was undoubtedly much injustice done by the way in which the tax was assessed. Not the slightest discrimination

was exercised,* and much discontent was the natural consequence. As an illustration of the heedless manner in which the assessment was made, I may state that in Calcutta there were 1,519 petitions of objections disposed of up to 31st December last. Of these, 612 were in the first grade of Rs. 500. Upon appeal only 14 of these were upheld. Sixty-four of the petitioners were found to be so poor as to be wholly exempted, and the rest were reduced to lower grades. Out of the total number of 1,519 petitions only 137 were upheld. The cost of appealing was itself an onerous tax, and it is little to be wondered at that the complaints were both loud and deep. It is perhaps to be regretted that the time which was spent in connection with the Vernacular Press Act was not devoted to forming judicious rules for assessing the people under the License Act. The License notices had a wider circulation than the native newspapers, and, owing to the manner of their distribution, were much more likely to generate sentiments of disloyalty.

I now come to the subject of Port Charges. The representation which was made to the Port Commissioners last year led, as you will observe, to a reduction in loading charges, amounting to about Rs. 52,000. We look upon this concession with a mixed kind of feeling. We are grateful for what has been done, but the reduction is not so liberal as we are entitled to expect, and accordingly we have a lively gratitude for favours still to come. We have no reason to suppose that it is the intention of the Commissioners to make any further reduction meanwhile. But we think we have abundant reason for pressing the subject once more upon their notice. I wish to state, as briefly as I can, how the case presents itself to my

mind. The Port Commission is a trust not for the purpose of deriving a large commercial profit from the public, but for facilitating the commerce of the country as far as that lies within its sphere, at the least possible expense. I am supported in this assertion by the high authority of Sir George Campbell. A committee of the British Parliament was appointed last year to inquire into the Public Works Department of this country. Sir George Campbell was one of the witnesses. After paying a well-deserved tribute of praise to the Vice-Chairman of the Port Trust and to the Commissioners for the admirable manner in which they had discharged their duties, he said, in answer to the question No. 1,110 in the Report, "Do you know exactly what per cent. the Port Trust are paying now?" "They pay 5 per cent., I believe, and I think the sinking fund is Rs. 2 or 2½ per cent. They pay 7 or 8 per cent., without giving exact figures; and I should say, as regards the profits, the Port Trust would pay a very much larger profit, but, in justice to the commercial community, the rule laid down was that, this being a public trust, the charges should be such as simply to pay the cost; so that the effect of the working has been that, while the accommodation is improved, the Port charges have been very much reduced." And in answer to the question (1,113) "Do you say that usually the sinking fund is sufficient to pay off the debt," he said, "Yes; the payment is calculated to be made in the form of an annual sum which will both suffice to pay the interest and to sink the capital in thirty years."

Now, keeping this purpose of the Trust steadily before us, I wish to trace how far it has been observed in practice, and how

far Sir George Campbell's belief is correct that the Trust simply pays the interest and sinking fund of 2 or $2\frac{1}{2}$ per cent., any excess over that being absorbed by a reduction of charges. I am able to trace the working of the Trust from the clear and comprehensive reports which the Commissioners submit yearly to Government. For the clearer apprehension of the analysis of the accounts I am to submit to you, it may be necessary to give you an outline, and it shall be nothing more than an outline, of the history of the Port.

In the year 1861 the Lieutenant-General pointed out to the Governor of India that it would be advantageous for the city and for the Government to constitute a trust for the Port and City of Calcutta. About this time, in 1863, an Act was before the Council to provide the city with a system of Municipal Government, and it was proposed to incorporate the management of the Port with that of the new Municipality. A reference on the subject was made to this Chamber by the Government, and it replied that, in the opinion of the Committee, a separate trust should be constituted, and that such a trust would be better suited to carry out certain improvements that were in contemplation than the Municipality. Looking at the working of the two bodies, there can be little doubt that the view of the Chamber was correct. The Government of India arrived at the same conclusion; but nothing more was done in the matter for three years. In February, 1866, a Bill for the improvement of the Port of Calcutta was introduced into the Bengal Legislative Council, in which it was proposed to constitute the recently-formed Municipality—the Port Trustees. The Chamber protested most strongly against the

proposal, and opposed it at every stage of its progress, but without success. All that the Chamber could get was the promise that the conduct of the Municipality would be carefully watched. Some jealousy appears to have arisen between certain members of the Municipality, who had charge of the Port, and some of the Government officials, and after a great deal of show of work, in the shape of plans for improvement, the Sub-Committee of the Municipality, to whom the practical work of carrying out the purposes of the Trust was committed, declined to go on under the restrictions they were subjected to at the instance of the Government of Bengal. The scheme broke down, and all that was left of it within eighteen months of its initiation were the plans referred to, and the report thereon of the Engineer. The Government resumed control and carried out some of the works proposed by the Engineer; and during the following three years four jetties were erected, two more were in hand, and some improvement had been made in the wharves. In February, 1870, a Bill under which the present Trust was constituted became law, and at the end of that year, or to be more exact, on 17th October, the Commissioners took possession of the Trust which the Act had committed to their charge. It was divided into three parts. The first is the jetties, the second the inland vessel wharves, and the third the Strand Bank lands. The outlay upon the jetties and wharves at the date of taking them over was nearly 9 lacs, and there was in the hands of the Government 1 lac in cash, which was handed over at the same time, and the Trust became indebted to Government for the full amount of 10 lacs, on which amount it undertook to pay interest

at the rate of $4\frac{1}{2}$ per cent., and to liquidate the capital by the year 1900.

The Government wished the capital to be paid in twenty years in 1890, but the Commissioners successfully pleaded that it would be laying too great a burden upon the commercial community to make the charges so high as to leave a surplus of so large proportions as to extinguish the debt within so short a period. We shall see presently what has been done. With regard to part 3, which consisted of the Strand Bank lands, no capital indebtedness was incurred, but there was a yearly charge of Rs. 40,000. The quantity of land handed over was about 64 beeghas. On the 17th October, 1870, then, the Trust consisted of the three properties I have named, cash amounting to a lac of Rupees, and a debt of 10 lacs. In the following year what is called the Port proper was handed over to the Trust. This consisted of the buoys, moving material, heave-up boats, and other floating block, and the Mayapore Powder Magazine. The capital value of all these was Rs. 17,65,000. The Government desired to have this amount subjected to the same terms of interest and repayment as the ten lacs for the jetties, wharves, and Strand Bank lands. The Commissioners, however, objected to the payment of the capital in thirty years, or, indeed, at all. They were careful, I suppose, of the commercial interests, "which ought not to be subjected to charges of so extreme a character as to pay so large an amount for a permanent improvement of the Port. We shall see presently what has been done in this respect, in this department of the Trust property, which is known in the accounts as Part IV. In dealing with the income and expenditure of the accounts,

I shall include parts 1, 2, and 3 under one head, and part 4 will be examined separately. Well, now, the net revenue of the jetties, wharves, and Strand Bank lands from 17th October, 1870, to 31st March, 1871, the date on which the yearly accounts are closed, was Rs. 1,09,000. From 1st April, 1871, to 31st March, 1872, the revenue was Rs. 3,69,000, and for the following two years Rs. 3,54,000 and Rs. 3,23,000, respectively.

This brings us to the end of the fourth financial year, and adding these sums together the net revenue amounted to Rs. 11,55,000, an amount sufficient to extinguish the whole capital of the block taken over from Government and leave Rs. 1,55,000 to begin a good new year. Let me here explain what I mean by net revenue. It is the surplus of income over expenditure after all charges for working these three departments are deducted, after repairs, after taxes, after the interest on the 10 lacs, and every other expense of whatsoever kind. It would appear, therefore, that the profit of these four years' working was at the rate of 25 per cent., with a lac and half to spare, in place of the modest 2 to 3 per cent. which Sir George Campbell represented to the Committee of the House of Commons was the handsome profit, and the evidence of the successful management of the Port Trust. But during these first four years of Trust management there were considerable additions made to the block of these three departments. They consisted chiefly of the following:—Extensions to and connections of, jetty heads, Rs. 5,60,000; a new jetty, Rs. 3,00,000; new sheds, Rs. 4,00,000; jute godown, built for Hoare Miller and Co., Rs. 1,66,000; the new Aheereetolah road, Rs. 2,50,000; machinery and dredger, Rs. 3,00,000. Altogether, the additions involved an outlay of 25 lacs, making, with the 10 lacs taken over from the Govern-

ment, 35 lacs in all. But with respect to two of the items, viz., the jute godown and the Aheereetolah road, these are in the nature of investments and are, or will be, independently remunerative, and should be deducted in estimating the outlay on the working block. These two items amount to 4 lacs, which would leave the working block at 31 lacs on 31st March, 1874. Now I wish to shew you what the result of working the block of 31 lacs has been after another period of four years ending 31st March, 1878. I have told you that the profit of the first four years was Rs. 11,55,000. The profit during the second four years was Rs. 17,55,000, and these two amounts added together make 29 lacs and 10,000, and, if we add to this sum the 1 lac in cash which was handed over by Government, the amount will be 30 lacs of net income as against a capital outlay of 31 lacs; so that within four years we again have the cost of the block practically extinguished and the profit of 25 per cent. per annum repeated. We have thus brought the history of the outlay down to 31st March, 1874, and the history of the income to March, 1878. It may not be uninteresting to trace it for a third period of four years. The outlay I have ascertained, but we must be content with an estimate of the income. The expenditure was heavy, 43 lacs or nearly 11 lacs per annum, which brought the total outlay up to 78 lacs on 31st March last. The chief expenditure was connected with the Aheereetolah road which stood on that date at Rs. 23,40,000. There was also a new tramway built costing Rs. 4,20,000, and the new offices, Rs. 2,50,000, amounting together to 30 lacs. The remaining 13 lacs were spent on further additions to the sheds, jetties, wharves, and machinery. In separating the items that are of a permanent character, and that are of the nature

of an investment, from the working part of the Trust, I find them to be

	Rs.
Jute Godown	2,12,000
Ahcereetolah Road	23,40,000
New quarters for Commissioners' servants ..	1,30,000
Tramway	4,20,000
	<hr/>
Amounting to	31,02,000

All these are separately self-supporting ; and although they do, or will contribute to the satisfactory working of the port, the advantage will be more collateral than direct ; and there is no reason why they should not last with proper repairs as long as Calcutta itself and remain as valuable as they are at present. Well, deducting the cost of these four items from the 78 lacs, we shall have the outlay upon the working portion of the Trust standing at 47 lacs.

In estimating the profit for the current period of four years, it seems to me that we may fairly take the average of the past three years. The profit last year was exceptionally large, owing to the great increase of traffic caused by the famine, and it would not be safe to calculate upon a repetition of so favourable results for this year or the three succeeding years ; but the average of the past three years does not seem to be an unreasonable expectation to form. The profits were :—

	Rs.
1876	3,43,000
1877	3,96,000
1878	7,05,000

and the average is 4,60,000

Four years' of revenue at that rate will give Rs. 18,00,000, which, added to the profits Rs. 30,00,000 earned up to 31st March last, will give Rs. 48,00,000, against a working block outlay of Rs. 47,00,000. In the working block I include everything in connection with the Trust except the four items named. I include not only all the jetties, all the sheds, all the outlay on the wharves and sloping embankments, but also such items as these—the new office, costing Rs. 2,50,000; tank house, Rs. 1,03,000; the new 30 ton floating crane, Rs. 1,46,000. We found that the outlay at the beginning of the first two periods of four years was extinguished by the profits made during the currency of these two periods, and we again find that at the close of a third period of four years the net income will again meet the outlay at the beginning of third period, and that the profit of 25 per cent. per annum will be repeated, and that a lac will be left as a nest egg.

Now, a merchant or a ship-owner, with these facts and figures in his mind, walking round those spacious sheds and upon those splendid jetties, with their railed enclosures, and along that fine line of wharves, must feel that they all partake of a monumental character; for he will think of some of his old capital and young profits that lie entombed within them; and if he feels an interest and satisfaction in all he sees, in the neatness and order which everywhere prevails, his satisfaction and interest will be like that which one experiences in loitering through the avenues of a fine cemetery.

Thus far I have dealt with the jetties, wharves, and Strand Bank lands, and I shall now state to you what has been the result of the working of the fourth part, called in the accounts "Port Proper." I have said that this part was taken over from Government in 1871, and that the value of the block was Rs.

17,65,000; but this amount included a sum of Rs. 1,80,000, in cash, so that the value of the material of the block was Rs. 15,85,000, which forms a permanent book debt, not to be paid off like the rest of the block in 30 years. The Commissioners, as I understand, considered that the payment of the capital of this debt would have been an unreasonably heavy burden to throw upon the mercantile community. Well, the net profit after providing working expenses, repairs, interest, and all other charges, has been 5,000 rupees short of 6 lacs; and if the same fees continue to be levied, and the trade be no less than it has been for the past seven years, the profit will in ten years be sufficient to pay off the balance of the original debt. I have stated that the income of the Trust has, beyond doubt, benefited largely by the excellent management of its affairs, but the good results are not wholly due to that cause. I find, for example, that in the year 1874-5 the average work done by each assistant in the Harbour Master's Department is represented by the figures 288, but in the year 1877-8 the work done is represented by 540 or 80 per cent. increase. This great improvement is accounted for in the 49th clause of the Administration Report, thus:—"The fact that so many vessels entering and leaving the port are steamers, and that the greater portion of the sailing vessels are towed into port, and have many of them steam winches, accounts for the increased amount of work done by the Assistant Harbour Masters without any additional establishment." Now, Gentlemen, these are results which must tempt the merchants of Calcutta into a breach of the moral law and make them envious, results not derived from trade, only from an instrument of trade—an instrumentality called into existence for the express purpose of facilitating trade at no higher a charge than is necessary to

keep the instrument in good working order, and to provide for the extinction of its cost over a period of not less than 30 years. While we admit the management has been such as, upon the whole, to satisfy the most captious critic, our complaint is that we have not derived the full benefit of the good management, and that, so far as the trading interests are concerned, up to this time the management might just as well have been bad as good.

But, while we have little but unreserved praise for the management of that portion of the Port which is under the charge of the Commissioners, we cannot say so much for the management of that part which is still under the control of the Government. From Garden Reach downwards the river is under the management of Government officials. The Pilot service is also under their direction. The income is very large, amounting last year to 14 lacs; but how this sum is disposed of is not apparent. No account is published of the whole department; only an abstract, which is both obscure and erroneous; and that abstract deals only with 3 to 4 lacs of the income. Great irregularities were found in the working of the Port when the whole of it was under the immediate charge of Government, and a regular yearly deficit appeared as one of the results. It was shown, however, that these deficits were created by debiting to the Port many accounts which did not concern it at all, and that sums which should have been credited to the Port were taken to make up deficiencies in another department. One of our late Presidents, Mr. Bullen-Smith, who was a member of a Committee appointed to investigate the accounts, said, respecting them:—"This unfortunate Port fund seems to have been a sort of scape-goat of the Banks Hall." "How much it was overcharged,

or how much short it was credited (and we found flagrant instances of both) no one seems to have known, and no one seems to have cared; and thus it has been that year by year a balance has been carried to its debit, but with so little care and discrimination that the accounts are totally unreliable."

There seems to be some reason for believing that this unsatisfactory condition of affairs still continues; and our suspicions are strengthened, perhaps exaggerated, by the secrecy in which the working of the department appears to be purposely shrouded. The Act under which this part of the Port and Port approaches is worked was passed in 1875, and there is the extraordinary provision that the accounts shall not, or need not, be published. The provision is stated in nine words, constituting a minor clause of a long sentence in one of the longest sections of the Act, and is so dextrously inserted that little doubt is left on the mind that it was placed there at the instance of some one who had some special reason for concealing the working of the department from the intrusive gaze of the public. What can be the reason for this exceptional secrecy? Is it that some account is still needed into which the mistakes of some other department may be poured and hidden from the view of the Council and public? Is the account still a scapegoat on which the blunders of the Dockyard may be sent away into the wilderness of the Accountant-General's Office, nerve more to be seen? I expected to have been able to tell you something at this meeting of the working of this part of the Port, but I cannot. I addressed a letter to the department asking whether I could see the accounts, and, if so, where, but it

politely declines to let me see them, and refers me to the clause I have mentioned. It cannot be that this concealment of accounts is known to, and approved by, the present Government—I mean the Bengal Government, for the Act is one of its creating. The popularity of the Bengal Government, as at present constituted, rests, I believe, mainly on the conviction in the public mind that it is striving to root up abuses, to let daylight into every dark corner, to do good and substantial work in a frank and honest way. We are accordingly addressing the Government direct on the question of these accounts in the full hope that the thoroughness of purpose which is characterizing all their other work will not halt and strain at this particular point. The best remedy for the present unsatisfactory state of affairs of this part of the port would be the transfer of the management of it to the Port Commissioners. This would relieve the Government of a troublesome business; and the trading interest might then reckon upon the powerful support of the Government in remedying any proved grievance which may arise under the administration of the Commissioners. It is always uphill work to get redress from Government when their own officials are the delinquents.

The value-payable parcels system has not yet, I regret to say, been carried into practical operation. The chief opposition to it has emanated from our friends of the Trades Association. Their opposition appears to be based on two grounds. The first is, that the system will be of no benefit and no convenience to the public; and the second is, that the system will inflict a severe injury upon Calcutta tradesmen, for it will enable the public to get articles from abroad

at a lower price than the tradesmen can afford to supply them. It is obvious that one or other of these propositions must be incorrect. If the system be neither beneficial nor convenient to the public, the public will not avail themselves of it, and no injury to the tradesman can, therefore, follow. If it enables the public to get the articles they may require at lower rates, it will be a benefit, and, possibly, a convenience. The tradesmen approve of the system if it be limited to India. It may be an injury to the tradesmen in the mofussil if facilities be afforded to mofussil people to get their wants supplied from Calcutta. But the Trades Association recognise in such an arrangement a valuable boon to the public. The moment, however, that it is suggested to extend the privilege as far as England, the Association oppose it. What is sauce for the mofussil goose is not sauce for the Calcutta gander! In reading the protest of the Trades Association, no one can doubt that their anxiety about the public convenience is to some extent assumed; and it is apparent that what lies nearest their heart is the conviction that the public will think the system too convenient, and that more use will be made of it than would be agreeable to the members of the Trades Association. It will be admitted, perhaps, that it would be wrong on the part of the Post Office to withdraw any existing privilege from the public for the purpose of throwing a benefit to a small section of the community. But would it not be equally wrong to withhold a privilege which it is in their power to confer, because the interest of a few may thereby be injured? The glory of the Post Office management has been that it has not permitted the interests of small classes here and there to stand in the way of a general improvement.

The Post Office already carries parcels by the parcel department, and it transmits the money for the payment of these parcels by the money order department; and all that it wants to do is to unite, for the convenience of itself and the public, these two separate and distinct operations into one, which is surely a reasonable, just, and useful reform. The system will do for the public what the clearing-house does for bankers. It will economize the use of capital, and will save the risk and trouble of transmitting funds by means of Post Office Orders.

The Calcutta tradesmen tell us that they have large capitals employed in their business which would be endangered if the system be extended beyond India. But if they, with large resources and great experience and thorough knowledge of the market, cannot compete with private persons of no business experience, who must go to retail shops for the articles they require and pay freight at Post Office rates and 2 per cent. for collection, they are not the capable men I take them to be. If they suffer in such a competition, it may not be uncharitable to conclude that they ought to suffer. But will they suffer? Dealers in horses believed the establishment of railways would be the death of their trade. Every trading interest in turn has regarded with dislike new plans for facilitating communication and the easy exchange or purchase of commodities, but, as a rule, these interests have been the first to benefit by the change. The endless number of articles required by the residents in India, but which are not obtainable in India, may be made an additional source of revenue to the tradesmen if they will only set their sails to the breeze. They are able to buy much

cheaper than private persons. Why should they not offer to act as intermediaries in supplying, through the valuable payable parcels delivery, such portions of their customers' wants as they cannot supply from their own stock? This would be a great and mutual benefit to the public and tradesmen, and it would add to the revenues of the Post Office. I am persuaded that the proposed boon to the people of this country will not be marred by the slightest injury to any interest.

And now, gentlemen, before I sit down I wish to refer to a subject which is pressing itself upon the attention of us all. I allude to the present state of trade. Whatever department of industry we look at, whether it be agriculture, or iron, or coal, or clothing, or shipping,—all are passing, and I hope passing, through a time of severe depression. The present dullness is more widespread and general than any of those similar periodic visitations of former days. And another special characteristic of it is the absence of panic, especially in the monetary circle. There is no crisis and no symptom of any. There are severe local disturbances, but no general collapse of confidence. On previous occasions from 1793, through the short interlude ending 1797, on to the crises of 1825, 1837, '47, '57, and '66, all went merrily until the failure of a leading house revealed the rottenness under the shell of prosperity. But from the inflation of 1870-4 we have slid quietly down into the hollow, with a few heavy lurches to remind us that we were on a descent. Profits have gradually gone and been turned into losses, and I know of no industry that can be pointed to as an exception either in the British dominions or in any of the other commercial nations of the world. And what

may seem strange to those weak-kneed free traders who always begin to doubt free trade principles when they fail to prevent or correct all the untoward results of the follies and recklessness which men exhibit in times of commercial excitement, is that those countries which protect native industry the most were the first to suffer, and have suffered the most in those very industries which were most protected.

The chief cause of the depression of trade in India appears to me to lie on the surface. Two successive years of failure of our cotton and cereal crops in large districts of the country sufficiently account for the greater part of the distress which prevails. When food is double its normal price business must be stagnant. There are no surplus stocks to export in payment of commodities that may be wanted from other countries, and that portion of the labouring population which derives no compensating benefit from the high price of food has absolutely nothing to spare from its scanty income to purchase any article of secondary necessity or comfort. In India the first and chief effect of the price of grain is on the piece-goods trade, and we are all sensible enough of the great prostration in which it lies. But while there is no doubt as to the fact of the depression, and not much as to the manner of its coming, we can only guess as to the time and form of its going. Prosperity and adversity come not unbidden. Like every other event in the universe they are but results of equivalent and sufficient causes, but these causes are uncertain in their action, and obscure from the constant presence of unseen disturbing influences. Economists have observed, and some believe, that these periods of depression recur at fixed intervals of about ten years. But it seems to me that the facts

are sometimes strained to fit in with the theory while the observations themselves have been too few to deduce from them so general a law with the confidence that Professor Jevons, for example, propounds it. It is likely enough that there is some such law. The universal tendency in human nature to seek for wealth at the least possible expenditure of effort is the parent of all commercial phenomena. About that there is no doubt, and, were that law to have unimpeded action, we might with great certainty foretell the course of trade. But there are other laws and a vast number of temporary undetermined circumstances that check, impel, and divert the course of this general law. Governmental regulations, the political condition of countries, the fluctuating character of seasons, and the more subtle changes of the human mind itself, leading at one time to personal or national display, at another to social tumult, and another to warlike enterprise—all disturb the natural course of business and make all predictions about it unreliable. Accordingly, commercial forecasts are like those of Old Moore regarding the weather—rain to-day or the day before, or the day after. Still, there is some substratum of truth in it all, and probably much that is yet undiscovered. We can say with confidence in the midst of bad times that better will come. The bad cannot continue always. The bad has in it the elements of its own destruction. Bad times lead to economy and exertion, and these certainly lead on to prosperity. We are too ready, I think, to look upon a collapse of credit and confidence as being in itself an evil thing and a calamity to be deplored. Would it not be more correct to say that it is only the expression of an evil—the cry of the burnt child, not the burn? It is the outward crisis of a pre-

viously unobserved disease. One of the beneficial consequences of a sudden discovery of this kind is the instant application of the only suitable remedy—reduced consumption and increased production. Now, if I have read the progress of the present depression aright, there has been no crisis to lead to a speedy cure. There has been no economy of resources and no earnest endeavour to make up the capital that has been lost with bankrupt countries, locked up in non-reproductive undertakings, or squandered in senseless display and luxury. We have but to cast our eyes over the budgets of European nations and India to see that this is true as regards public expenditure. And, although we have not the same exact data regarding private outlay, our observation will attest that the habits of the community are not more frugal than they were six years ago in the hey-day of prosperity. I am speaking of the mother country just now. This statement is supported by the excise and Custom-house returns. I will, with your permission, point out to you the difference in this respect between the three years following the former commercial crisis of 1866 and the past years 1875-6 and 7. Both are periods of trade depression. I will compare the consumption in the two periods of the following dutiable articles: malt, spirits, wine, sugar, and tobacco per head of the population; and it may be safely inferred that the consumption of other articles has not been in a less ratio. Of malt, the consumption during 1867-9 was 1·70 in bushels; in 1875-7 it was 2. Of spirits, '98 in gallons as against 1·21. Of wine, '48 as against '55. Of sugar, '44 lbs. as against '60 lbs. Of tobacco, 1·35 as against 1·48. Taking the consumption all round, it may be stated that every man, woman, and child has eaten and

drunk, and otherwise consumed, 20 per cent. more in the years 1875-7 than was consumed in 1867-9. Now, these figures are to me intensely interesting and instructive if the surrounding circumstances of the two periods be kept in view. The crisis of 1866 was sudden and severe. The people were pulled up sharp. Economy was forced upon them, and they were obliged to be industrious. Less consumption, more production; these two healing processes were instantly at work, and in three years the shattered constitution was restored to health and vigour; and then followed four years of unexampled prosperity. Then came a halt in accumulation; then one or two false starts, and a few serious breakdowns. Meanwhile expenditure has proceeded apace. Three bad harvests in England, accompanied by two famine years in India and war in Europe, were pulling away at the reserved capital of the country; but still the people were spending as fast as ever, and as regards Government faster than ever. There has been a gradual exhaustion of the resources of the country, and a gradually deepening distress, which must, it seems to me, go on until the saving process is forced upon the country. Nations, like individuals, require to be taught over and over again the simple lesson that "we cannot have our plum and eat it"; and, if we do not learn it cheerfully, the hand of a stern but beneficent necessity inculcates it with stripes few or many as the case may require. Subsidiary obstructions to the return of prosperity are some of the rules of trades-unions and the kindred abominations of Governmental regulations, inspections, and restrictions of labour, by which men are not allowed to do more or better work than, the Government and the Unions together think proper. The communistic principle

of so much labour, so much pay, no more of the first, no less of the latter, for all alike, is enforced. The active, the industrious and honourably ambitious and competent workman is yoked with the weak and lazy, and often dissolute, whether the companionship and reward be liked or not. And, when some good-hearted nobleman, or philanthropically-minded lady or Government doctor, visits some of the factory towns where such regulations prevail, and sees so many poverty-stricken and apparently dissolute people, the visitor exclaims: "How shocking! These poor people must be protected." He does not perceive that the previous artificial protection is the chief cause of the infirmities he notices. To the extent that the labour of the active and frugal man is curtailed, there is more work for a time thrown in the way of the lazy and dissipated. The dissolute have the means of becoming more dissolute, and the indifferent can eat the bread of comparative idleness. Pain and poverty, Nature's remedies for low and wasteful habits, have not been allowed to be administered at the beginning of the disease, and when there is a check to trade these fostered and petted hands are thrown upon the parish at once; and the industrious and careful workman, having been prevented from earning all he was capable of earning, finds himself with a smaller reserve than he might have had, and he, too, gradually sinks into the rank of the pauper. Economic law is a stern avenger when its precepts are broken, and none so kind and gentle when its teachings are followed. Farmers, ribbonmakers, shipowners, were nearly protected out of existence in England. The workman is now the object of solicitous care, and the process of sinking as regards him is becoming visible. Look at the following figures.

After agriculture, the cotton manufacturing industry is the most important in the world. In 1860 the supply of the raw material was 5,700,000 bales. Great Britain took 2,800,000 and other countries 2,900,000. In 1870 the supply was 6,250,000. Of that quantity Great Britain took 3,000,000, and other countries 3,250,000. Great Britain during that decade increased its consumption 200,000, and other countries 350,000. That indicated a turning-point. Now mark: in 1877-8 Great Britain again took 3,000,000 bales, but other countries took 4,300,000. England remained stagnant, and other countries increased their consumption 33 per cent. Two countries, in one of which effort and aspiration have free play, and the other in which aspiration and effort are checked and confined, cannot be long equal in the race even if they start fair. On the Continent and elsewhere there is little or no artificial restraint on labour; and I know of no other condition which accounts for the retardation of progress of this industry in England and its rapid advancement in other countries. This shackling of the faculties of man may go on for some time longer. Acts of Parliament for this purpose have been enacted and amended and re-amended and tinkered times without number, and still new clauses and alterations of clauses, with the view of making the restraint greater, are asked for. But it may be that the end of this kind of legislation is not far off. Our legislators and philanthropists and trades-union secretaries may discover that a higher and better law has existed all the while, securing when it has free action the best possible adjustment of labour and its reward. I do not mean to say that, if labour were free, periods of mania and panic would cease. So long as hope and fear are elements in human

character we shall have times of excitement and distrust; but restrictions placed on the free exchange of services create and prolong bad times, such as we have at present. They are one of the factors of dulness and depression. No one ever dreams of curtailing the production of cotton or wool or jute; but the moment these are to be turned into serviceable articles down comes an Act of Parliament with its series of amendments, trades-unions with their rules, and a host of inspectors limiting the hours of work, limiting the kind of hands to be employed, limiting the production and prescribing the pay. The wealth of a country embraces the commodities of a country. The production of commodities is curtailed by the regulations I refer to, and the country is so much the poorer. The cost of production is enhanced by these regulations. Fewer persons can consequently buy the articles produced, and the comfort of the people is thereby abridged. Capital looks for places where it is least fettered. Like lightning it seeks the line of least resistance. Where every one is free to offer, free to accept, and free to refuse, just bargaining is secured; and wealth, which is another word for well-being, is more largely diffused.

The License Tax, etc.

The following speech was delivered by Mr. George Yule at the Half-Yearly General Meeting of the Bengal Chamber of Commerce, held on Friday, the 30th May, 1879.

GENTLEMEN,

It devolves upon me to move the adoption of the report of the Committee for the past half-year. The subjects dealt with are of the usual varied character :—proposed abolition of duties on cotton goods and revision of tariff valuations; the Factory Bill; the Telegraph service; the Jute Warehouse and Fire-brigade Act; the Stamp Act; the Doorgah poojah holidays, and several others. Some of these subjects admit of comment, but we have endeavoured, in the prefatory remarks to each of them, to condense their substance and to express our views upon them as far as such a course seemed to be necessary. In addition to the subjects that have been before us in meeting, we have given, as usual, in the report a summary of the budget statement; and it is to one or two of the questions in it that I am to invite your attention at this meeting.

On the last occasion I had the honour of addressing you, I referred briefly to the license-tax and the manner in which

it had been assessed. Since that time we have had some experience of the mode in which it is being collected. And we have in the last paragraph of the budget statement a novel aspect of the purpose for which the tax was levied. In common with most other people, I believed that the sole purpose for which the license-tax was imposed was the prevention of famine, as far as this special taxation was capable of preventing it, by the construction of irrigation works and a cheap kind of railway, and by direct contributions to those requiring sustenance during periods of extreme scarcity. But, if the last paragraph of the budget be correct, it seems that to create a famine insurance fund was not the sole purpose of the license-tax, not even the primary purpose. If it were required to meet the loss arising from the reduction of the cotton duties, it would be used for that. If a war were undertaken on our frontier, it would be used for that. If exchange fell, it would be used to make up the loss in remittance. In short, if the fund were needed for the general purposes of the State, it would be devoted to general purposes; but, if it were not needed for any other purpose, then it would be applied as an insurance against famines. That is now claimed to have been the intention of the Government, and, in point of fact, that has been the action of the Government; and the claim is accompanied with something like a boast of the far-reaching vision and wisdom of the Government in resisting the importunities of those who pressed for its allocation solely to famine insurance purposes.

I wish to test this position; for, in the interests of commerce as well as in the social and moral interests of the country, it is necessary, above all things, that the relationship

of a Government towards the people it governs 'should not be open to the suspicion of bad faith. There is undoubtedly a strong feeling that the Financial Department has, in this matter, been too clever by half, or, let me say, not quite so explicit as it might have been. If the paragraph in the budget expresses the real intentions of the Government when passing this tax through the Council, I must say there is some explanation needed of the wholly different language which has, down to the publication of the budget, been, with one exception, held towards the public. If the budget paragraph be correct, it would appear that, while the dreadful pictures of the famine were still fresh either to the eye or memory, a happy thought suggested itself to the Financial Department, which shaped itself thus:—Let us avail ourselves of the opportunity to impose taxation of a kind which would be barely tolerated in ordinary times. Let us call it a famine insurance fund, and let us say that the sole purpose of the taxation is to prevent the recurrence of the dreadful calamities that are devastating the Madras Presidency, afflicting Bombay, threatening the North-West, and which might travel as far as Bengal. The Governor-General can be talked over. We can tell the local Government that while the tax is to be locally raised, it will be spent locally, and that will secure their approval. The people can hardly say nay. Their feelings must be deeply touched by the accounts they are reading, and we can hold dissentients up to scorn and contumely for objecting to sacrifice a little to save their brethren from death and themselves from the risk of starvation; but let us insert in the jungle of speeches and paragraphs that will be made and published, a saving clause to the effect that, of course, in the nature of things we

cannot foresee⁸ what may happen, and it is just possible that circumstances not now foreseen may shipwreck all our good intentions. Few people will notice it. If all goes well, there will be no need ever to refer to it; but, if the necessity arise, we can drag it out and take credit for the wonderful wisdom that foresaw and provided for the increased demands upon our resources.

There were a few feeble objections heard to the proposed taxation: ours was one of them; but we limited ourselves to asserting that the incidence of the tax should be widened. We could not, for shame's sake, offer any objection to a scheme which was to prevent the recurrence of the horrors of Bellary. Well, the tax was passed. It has been levied and collected in such a way as to lead large numbers to conclude that, if there were a choice between the famine and the tax, they would certainly prefer the famine. Before citing the evidence to show that the paragraph in the budget does not convey an honest and straightforward statement of the purposes of the tax, as set forth in the speeches of the responsible members of the Government, I will point out some of the special grievances that have arisen in connection with its assessment and collection. The administration of the Act is thrown upon the Chairman of the Municipality in Calcutta and upon the Collector of the districts outside Calcutta. My knowledge of the working of the tax is limited to Calcutta and the neighbouring Suburban Municipality. Now, I need hardly tell you that neither the Chairman of the Calcutta Municipality nor the Collector of the 24 Pergunnahs can attend to the working of the Act. If they had each the heads and hands of Briareus they could not do it properly. Their municipal

duties are already more than enough to engage all their time and thought. They therefore appoint a deputy. Of course, that deputy is the next official in rank the Vice-Chairman; but his time is also fully absorbed by his municipal work, and other deputies of that deputy have to be appointed, until at last the administration of the Act is left to be carried out by the ordinary assessing sirkars. ⁴⁴⁶⁷ These men prepare the lists of the persons to be taxed, and determine the amount of the assessment. As the duty of working the Act was jerked down the different grades of functionaries from Collector to sirkar, the lists which the latter prepare are jerked up the same grades until they reach the Collector, who, of course, approves the lists and signs them, without knowing anything about them. These lists are suspended in the Collector's Office and copies of them may be, but are not necessarily, posted on the black boards of the police thannahs of the district. It is the duty of those who have been assessed to discover that pleasant fact for themselves. They may get notice and they may not. I understand that a large number were not informed that any assessment had been made upon them. Thirty days were allowed for appeal, and, after that time had expired, the assessment was finally fixed at the amount stated on the list. We know from the appeals that have been decided that only an extremely small percentage of the number has been upheld, and it may be inferred that those who did not know they were assessed at all were as unjustly assessed as those who did know. If the tax be not paid within sixty days of the date of the list, the defaulter is liable to a fine. About two months ago, messengers might have been seen traversing the streets with big handfuls of official-looking papers. These

were notices to persons that they had been assessed for imperial license-tax, and that, as they had not paid the tax, they were fined. This fine may be as much as 300 per cent., but the rate, so far as I can ascertain, has varied from 10 to 50 per cent. In addition to the fine, a fee of one rupee was charged for giving notice that a fine was imposed; and the person was further informed that if the tax, the fine, and the fee, were not paid in seven days, distraint would follow. Those three-barrelled messages were fired off into many an open door, and I need not say they were received with extreme dissatisfaction. To some poor people who, owing to their ignorance of any assessment having been made upon them, had no opportunity of appealing, the tax and fine are simple ruin; and to many they are a most serious inroad upon their little stock of savings. In the mofussil, far away from the influence of public opinion, the cases of hardship are reported to be even more severe; and the misery the Act is causing might lead one to suppose that the Government had been studying the art of taxing in some Turkish pashalic.

It is only just to say that the Chairman of the Municipality and the Vice-Chairman of the Suburbs, conscious of the enormous evils that the framing of the Act and the rules under the Act are inflicting, are struggling with unwearied effort to mitigate the wrong which they are powerless wholly to prevent or remedy. But, in attempting to do this, their work appertaining to the municipality cannot be properly attended to.

I now revert to the purpose for which the tax was levied. After stating in paragraph 278 of the budget that the insurance against famine has virtually ceased to exist, the last paragraph says:—"The propriety of the course followed by the Govern-

ment last year in refusing to constitute any *séparate* fund in connection with the famine arrangement has thus, it may be added, been justified by the event." Foreseeing the possibility of such a contingency as that which has actually occurred, Sir John Strachey spoke in the Legislative Council, on the 9th February, 1878, as follows :—" Suppose, for instance, that the product of the new taxes were by law strictly set apart from the general revenues, and paid into a separate fund only to be applied to specified purposes, if, then, any sudden change of circumstances arose calling for seriously increased expenditure, we should have to choose between the imposition of fresh taxes and the abrogation of the law constituting the fund. With all my desire to see the pledges maintained that we have given I think it would be irrational to object to the temporary diversion of any necessary part of revenue from this purpose. Without thinking of a future, far removed from us, events might of course happen which would make it impossible even for us who have designed these measures to maintain our present resolution." Here Sir John Strachey repudiates the notion of the fund being applied to specified purposes, and, having said so on 9th February, 1878, he justifies the appropriation of the fund to the general purposes of the country. A few days before the publication of the budget, a deputation from the British Indian Association waited on Lord Lytton with a memorial, in which they hinted, rather than stated, that the license-tax, as well as other taxes, had been added to the general revenue of the country, which accounted for the alleged surplus that had shortly before been telegraphed from England. His Excellency, in reply, repudiated with great warmth the charge that was implied

in the statement of the memorial, and said, "You have entirely failed to recognize the fact that the sole purpose of the additional taxation you complain of was the preservation of the lives of the people of India from the effects of famine. The action of the Government in this matter was dictated by the sincerest and most anxious desire to give to the people of India the greatest protection which could practically be provided for them against the calamities of future famines. To insinuate the contrary is to insinuate a calumny." Now, it appears to me there is a contradiction here. Looking back to the time when the reasons for this tax were laid before the Council, in the speech which Sir John Strachey made on the 27th December, 1877, we have the policy of the Government on this subject expounded. It had been determined to throw, as far as possible, the burden of future famines upon the provinces in which they might occur. To that end the construction of canals and railways, purely of provincial utility, was to be enjoined on the Local Governments, and the cost was to be provided by funds locally raised. They adopted the views of Lord Salisbury, who wrote, "While we fully admit the obligation which rests upon the State of preserving the lives of the people, it cannot be doubted that the primary responsibility for providing for their own support ought to rest upon the people themselves." Carrying out this principle, they had taken a step in the right direction, by throwing upon each province the responsibility for meeting the charge for providing the public works required for the protection against famine of its own people. Carrying out this principle still further, the agricultural and the artisan classes were selected as those who should furnish the insur-

ance fund, because the field labourer, the ryot,^a and the poorer members of the trading and industrial classes are the people who require assistance in famine times. The fund was to be applied to the sole purpose of protecting those people, and it is they on whom the burden of providing the fund should fall. It was, however, to be supplemented by a tax on the richer traders upon the supposed ground that famines added to their income. Priests, lawyers, schoolmasters, and people with fixed incomes, rarely required Government assistance, and, as no portion of the fund would be for their benefit, they would not be called upon to supply any portion of it. The insured alone ought to pay the premium of insurance. This was not a tax for the general purposes of the country, but a special one for a special purpose. The tax would be collected by the Local Governments, and would be passed on as a matter of form and convenience to the general treasury. The Supreme and Local Governments would consult together as to the works to be constructed. When these were settled on, the money would be handed back to be spent on those works which would be carried out under the responsibility of the Local Governments. The Supreme Government would render, through the Public Works Department, such assistance as might be necessary or desirable in fixing upon the most useful and practicable schemes. But, while it was the firm intention of the Government to apply the funds strictly to the objects they were intended to secure, events might happen which would render it impracticable even for them to adhere to their intention; but they considered the sum (£1,500,000) that had been mentioned, ought to be religiously applied to this sole purpose; and they hoped no desire to carry out any administrative improvement,

however urgent, or any fiscal reform, however wise, would tempt the Government to neglect this sacred trust. Such, I think, is a fair summary of the speech in which the Financial Minister introduced the famine insurance fund to the notice of the Council. The speech is not a clear one, and some concern was manifested about the few sentences in it regarding the possibility of the fund being diverted, if some pressing exigency arose, from the purpose for which it was to be levied. Upon the whole, there seemed to be little doubt that the money would be spent upon famine works. Lord Lytton also addressed the Council. If there were some qualifying phrases in Sir John Strachey's speech, there is not the trace of one in His Lordship's address. He referred to the intentions of previous Governments, who, when the pressure of distress was severe, and actually existing, resolved that something should be done to prevent the recurrence, or to mitigate the misery, of famines. The good resolves vanished with the relaxation of the pressure, and nothing was done. But it would be different this time, and His Lordship, becoming humorous, said, "I can well imagine what many of those I am now addressing may be disposed to say to me—Your good intentions are possibly sincere, but the path to the nethermost pit is already paved with good intentions. Promise is a good dog; but performance is a better. We have often heard the bow-wow of the first; we have yet to see the tail of the second." Then he states that they will not be open to this kind of criticism. They were to act; they had promised nothing which they had not provided themselves with the means of performing. "He was not now speaking of what they ought to do, but of what they

would do, with the means provided by the proposed taxes. There would be a prompt commencement and an uninterrupted continuation of the great and necessary task." There were, nevertheless, some fears expressed that the taxes would be diverted from the sole purpose for which they were to be raised. To allay all such misgivings, Sir John Strachey said in the Council, on 16th January following, "I feel confident that I shall be able to satisfy the Council and the public that the resolution which the Government has proclaimed will be faithfully carried out, and that the proceeds of these new taxes will be expended for the purpose of providing what I have called an insurance against famine, and for no other purpose whatever." Whether it was owing to Sir John Strachey's manner, or something else, there were still misgivings about his real thoughts as to this business. It may have been that his declaration at the previous meeting, that the money would be religiously applied, and his prayerful-like aspiration that he hoped they would not be tempted to betray the sacred trust, excited the suspicion which he may have thought a touch of the religious element was well fitted to allay. Plain men of the world have frequently noticed that, when Heaven is called in to back an every-day kind of undertaking, the person pledging himself is apt to consider, if a difficulty arise in the keeping of the pledge, that that is Heaven's way of intimating that the vow need not be kept. Whatever may have been the reason, some of the Members of the Council were not satisfied, even with so strong and positive an assurance; and they represented that they could see no reasonable objection to placing the income to a separate account, since

the fund was to be applied to a special purpose. To collect money from the Local Governments to be handed back again was an unnecessary proceeding; and, besides, the people could hardly be satisfied with a verbal assurance, however strong, when there was a manifest aversion to give reasonable security that the pledge would be kept. The Honourable Mr. Thornton earnestly pleaded that "something be done to show the tax-payers and the public generally, unmistakably, that famine insurance is not a mere pretext for raising money for general purposes, but that the tax is *bona fide* expended on the object for which it is raised." Then came Sir John Strachey's speech of 19th February, an extract from which forms the last paragraph of the Budget. It is an angry kind of speech. He had been further annoyed and fretted with the clamours for a separate fund, and for some security that the money would go back to the Local Governments. Some time ago, a cut appeared in *Punch* of a gentleman who had been dunned by his tailor for payment of an account. The gentleman lost his patience at last, and said to the tailor—"I tell you what it is—if you come about annoying me in this way, I will send for the police." Sir John did not hand his tormentors to the police, but he let the cat out of the bag. He objected, he said, to make a separate fund of these taxes. "It seems to have been supposed by some that the primary object of the Government of India was to give to the Local Governments the proceeds of these new taxes." There could be no greater mistake, and Sir John was sure he never said anything to justify it. "What the Government desired was to establish a sense of the obligation under which it is placed in respect to the

expenditure due to famine, which shall be felt in the same way as the obligation to provide proper courts of justice, police, education, and so forth." He objected to set aside or even to regard the fund as for any specified purpose. It was to add to the general resources of the country, and he hoped that out of the increase he would be able to do all he had ever promised on behalf of famine insurance; and he thought it would be irrational to place him in such a position that he could not use the fund for purposes that might, in his judgment, be more necessary than carrying on works of irrigation or making cheap railways. This speech of Sir John Strachey created a most painful impression, and Lord Lytton appears to have considered it necessary to write a minute on the subject, with the view, apparently, of allaying the distrust that had been excited, and of correcting the false impression which the speech had created. The minute is dated 12th March, 1878, which was a month after Sir John's speech. He says that "the revenue raised by the new taxes is required not for general purposes, but for the construction of a particular class of public works; and the Government had pledged itself not to spend one rupee of the special resources thus created upon works of a different character." His Lordship then states that the pledges his financial colleague was authorized to give on these points were explicit and emphatic; and the mistrust of their sincerity has arisen from the impossibility of explaining in detail the precise character of the guarantees the Government bound itself to provide for the faithful redemption of the pledge. I cannot see where and how the impossibility of explaining the arrangement could have arisen. It is by no

means a difficult arrangement either to state or comprehend, and I think I may take it that this is the official way of saying that Sir John Strachey stated more than he was authorized to state, and had thus caused the distrust His Lordship was by that minute trying to dispel. But His Lordship goes on to say that, as it was impossible to explain the precise details of the guarantees which the Government bound itself to provide, "it is all the more binding on the honour of the Government to redeem to the uttermost, without evasion or delay, those pledges for the adequate redemption of which the people of India have, and can have, no other guarantee than the good faith of their rulers." He quotes a passage from his speech when the Bills were introduced to the Council, to which he adheres: "We are conscious of the reproach we should justly incur, if, after such a declaration as I have now made, the prosecution of these works were commenced, suspended, or relinquished according to the increased or relaxed pressure of annual circumstance." "They were prepared to provide the Local Governments with the means whereby they may, from year to year, work systematically forwards and upwards to the completion of such a scheme." "The funds locally raised for the purpose will be locally applied." The minute is a clear, frank, honest statement. There is no balancing of contingencies, no appeal to Heaven that they may not be tempted to betray the sacred trust. The money is to be raised for a special purpose, and to that purpose, and no other, shall it be applied. When the License Tax Bill was introduced to the Bengal Council, the Secretary commended it to the acceptance of the Council, on the ground that it

would complete and perfect the policy of decentralization that had contributed so much to the welfare of the presidency ; for the taxes to be raised would be devoted to the construction of useful works which would contribute to the prosperity of its own people ; and then he said, "These taxes are not required by us to bolster up unholy war or carry carnage through a neighbour's land. We seek to save the lives, and not to filch the earnings of the poor, and we demand from the people of Bengal the means of warding from their doors that famine spectre that has slain already so many of their brethren, and may, for aught we know, be knocking at their own homes in the early future."

The Honourable Kristo Das Pal, at the following meeting of Council, expressed a doubt as to the ultimate destination of the fund ; but he was assured by the Lieutenant-Governor, in reply, that "he believed it was the intention of the Government of India that the money collected in each province would be expended in productive work in that province." We hear no more of the purpose for which the tax was levied until March last, when the British Indian Association presented to His Excellency in person the memorial I have referred to. Memorials of a similar character went up from the Trades Association and this Chamber. The reception which they met with reminds one of the physicking-day at Dotheboys Hall ; but there was this difference,—the physic was not mixed, and, while the British Indian Association got all the sulphur, the Trades Association and the Chamber got all the treacle. But, while the Governor-General was rebuking the British Indian Association for insinuating that the tax was being misappropriated from its sole purpose, the Financial

Department was reproducing the paragraph of Sir John Strachey's speech of 9th February, in which he stated there was no specific destination for it, except in the sense that provision for the maintenance of courts, police, education, and so forth, was specific, and what had since happened proved the wisdom of their decision.

Now several questions suggest themselves. The first is—What can the Governor-General think of the matter? How comes it that, while he states the tax was for a specific purpose, the Budget justifies the appropriation of the fund on the ground that it was “for no specified purpose?” The second is—What can Sir John Strachey think when he compares his statement of 16th January, 1878—that the taxes “would be expended for the purpose of providing against famine and for no other purpose whatever”—with the Budget which in effect denies that any such promise was ever made? Thirdly, what can the Local Governments think of it? They told the people of their respective provinces that the tax would all come back to them in the form of canals, and railways, and irrigation works. They softened the appeal with a glowing picture of the famine spectre warded from their doors. What can they say, except that the Supreme Government has taken the money, and has found more pressing uses for it than saving the lives of the people? An irritating controversy about cotton duties, and some other such controversies, must be settled first. What can they do but keep mournful silence in the presence of a deed over which angels may weep, of the bread snatched by tax and fine from the poor, under the hollow pretext of storing it for them against more distressful times? Fourthly, what can the people who have

been assessed think of it? They were selected out of the rest of the community to pay the money, because it was to be invested for their special benefit, and not for general purposes. In the Budget, much stress is laid upon the conditional promise that the cotton duties would be removed as soon as the finances permitted. The condition has, unhappily for the country, not arisen. The financial state of the country is worse now than when the promise was made, but this conditional promise must be kept; honour, justice, and, I think I may add, the near approach of the dissolution of Parliament demand it. The special positive pledge that the tax for famine insurance would be devoted to the sole purpose for which it was raised is jeered and gibed at. Part of the proceeds of the special tax, for a special purpose, under a special pledge, is to be devoted to carrying out the conditional pledge. The times are out of joint when this can be done with safety. The asseveration that the proceeds of the tax would be religiously applied to the specific purpose for which the tax was levied, the sacred trust which no fiscal reform would tempt the Government to betray, are treated as trifles. The English people in the time of the Stuarts was not unfamiliar with this sort of pledge and performance. The story of the millions who perished of hunger is a year old, and need be little thought of now. But we have the assurance of the 28th clause of the Budget, that "the Governor-General in Council still believes £1,500,000 a year in ordinary times is necessary to cover this liability alone." The short, cold statement in connection with such a subject reads like an undertaker's estimate of a funeral. This is probably the last we shall hear of famine insurance. The fund itself will

help to plaster the rents and fissures in the yearly Balance Sheet. Like

"Imperial Cæsar dead and turned to clay,

'Twill stop a hole to keep the wind away."

The license-tax, however, will remain ; but its name, while it lasts, will fitly describe the liberties that have been taken with the virtuous purposes for which it was ostensibly imposed. I cannot help thinking that the course the Government has finally adopted with regard to this fund is a most perilous one for its own good name. Rightly or wrongly, there is the impression abroad, that there has been something akin to faithless—not only faithless, but cunning—conduct in this business ; and no one can deny that it is a most serious disadvantage to the Government of a country to have a belief of this kind existing among any considerable portion of the people they govern ; and it is the clear duty of citizens to give expression to such a belief and the grounds of it. Coming in this way, as it may do, under the notice of Government, they may see how the misapprehension has arisen, and take steps to remove it, or they may see wherein they themselves have done injustice, or rather, have erred ; for there are, I hold, many ways in which most of the shortcomings of mankind may be accounted for, apart from the assumption that they are the outcome of the desire to do evil. But, if the deeds be wrong, they ought none the less to be exposed and condemned ; for folly and mistake are no less fruitful of disaster than intentional mischief or purposed deception.

The most satisfactory—indeed, I think I may say, the only satisfactory—part of the Budget statement is that which has reference to the abolition of the salt customs line. It seems

incredible that so barbarous an obstacle to business could have existed up to this time. While we have been spending money by tens of millions to facilitate the transfer of commodities from one district of the country to another, we were at the same time maintaining a barrier by which trade was impeded and harassed at a cost of upwards of £150,000 a year. Ten thousand men have, for thirty-five years, been drafted from the industry of the country, not to remain idle, but to be the instruments of positive mischief. To Sir John Strachey belongs the high honour of having successfully dealt a mortal blow at this monstrous Gorgon, stretching its hideous length of 2,000 miles across the country, accursed, as he says, alike of gods and men.

I now ask your attention to what is called the Silver question. Silver is supposed to be in a difficulty, and in a diseased state; and the difficulty requires solving, and a remedy is sought for the disease. The consequence of such beliefs has been that the solutions and remedies have been bewilderingly numerous. The Budget statement shows that the Financial Department had conceived a scheme by which it hoped to correct the loss that is occasioned by the low rate of exchange. No authentic information concerning the nature of the scheme has transpired; and the telegrams from London of the recent debate would lead us to suppose that the proposals were not made known to the House of Commons, and that the Under-Secretary confined himself to stating that they were of a kind which could not be sanctioned. But if the scheme be anything like that which was guessed at, or foreshadowed from partial knowledge, by some of the newspapers, no ultimate good could result from its adoption. Borrowing £10,000,000 in

London with the view of utilizing this amount for payment of home charges in place of by Council drafts, will no doubt encourage the export of silver to this country. The demand thereby occasioned will increase its value, and exchange will probably improve to a proportionate extent for a time. If the course of the silver market be in its favour, and if the price of silver advances owing to a larger general demand, and if at the same time it be assisted by a diminished supply in the market, the operation will be a successful one. But, if the market for silver has no natural spring about it, the operation will not be successful and a new burden of foreign payments, requiring more Council drafts to meet it, will fall upon India. After a temporary inflation the recoil will follow, and we shall be in a worse state after the device than before it; for the inflation will have stimulated production, and more silver than otherwise would have been the case will press upon the market. Another plan which has been advocated with great ability is, that a seigniorage be charged on the mintage of the rupees, equal to any fall which may take place in silver below 60d. per oz. In other words, that, assuming 60d. to be the normal value of silver, a tax equal to the amount of any fall below that figure shall be charged upon the coinage of the metal. It is held that by such an arrangement the value of the rupee in relation to the sovereign would always be 10 to 1, fluctuating slightly about this centre according to the state of business between India and other countries. Looking back upon the records of the Chamber, I find a similar plan was adopted and advocated, not only by the committee, but by a majority of its members, and I am bound in courtesy, if for no other reason, to speak of it with the greatest respect.

The Chamber's plan, if I understand it rightly, was that the mintage of silver should no longer be open to the public, but be subjected entirely to Government discretion. The principle common to both plans is to make the rupee dearer by making it artificially scarce. I wish to show what the effect of such a plan would be upon the general interest of the country. It is certain that, if the value of the rupee be 1s. 8d. and the cost of it be raised by tax to 2s., the quantity of silver in use in the form of rupees would be diminished in this country. To the extent that it is diminished here, it would be increased somewhere else. Let us say the increase would be in London. Silver as well as other commodities are sent by the foreign merchant to India to exchange for the products of India. For the sake of simplicity I shall select for illustration one of these products—tea. The merchant finds that the purchasing power of his silver is reduced 20 per cent. by the seigniorage tax. He learns that in China, Japan, and Java, no such tax is imposed. He will, of course, take his silver to the places where he can get the most tea of equal quality for his silver. Supposing that the market values of the teas in all the tea-producing countries are the same or nearly so, the merchant will not give the Indian tea planter 1s. 8d. worth of silver per lb. for tea and the Indian Government 4d., if he can get the same value elsewhere for 1s. 8d. What will happen, then, is that the Indian tea planter must reduce his price to the extent of the tax, and this would be the measure of the disadvantage which the Indian tea planter would be under, in comparison with the tea producer in other countries. The seigniorage would be equivalent to an export duty of 20 per cent. The same result would follow in transactions for all

other kinds of produce. Then, it has been supposed that by levying a seigniorage of this kind, exchange would be brought back to par: as Rs. 10 would be worth a sovereign here, it is thought that bankers would be willing to pay a sovereign in London in exchange for Rs. 10 in India, plus the usual margin for expenses and profit. I do not think bankers would do anything of the sort. I think they will give us, at most, gold in London equal to the value of the rupees in London, and, as we have seen that the effect of the artificial restriction upon the use of silver here would be to diminish the value of the rupee in London, exchange would be lower than if it were left to follow its natural course. If it be replied that the banker would not remit rupees to London, but buy other bills with them, that only removes the difficulty one stage further back; for no one would sell bills on London 20 per cent. less than their value, unless with the proceeds he could purchase produce which would realize in London the sterling amount of the bill. However far we travel in the analysis of commercial transactions, we can never get over the fact that if Government put money in the pockets of one class of its subjects, such as holders of silver, it must first take it out of the pockets of those who do not hold it. Government cannot create wealth by decreeing that it shall exist. All that it can do by legislation of the kind suggested, is to transfer the loss from those who are unfortunate or mistaken, to those who are more fortunate or more prudent. Another scheme is that an arrangement shall be entered into with England to make the rupee legal tender in that country at the rate of Rs. 10 to £1. All that need be said about such a device is that in twelve months India would have few rupees, and England few sove-

reigns. The gentleman who makes this proposal says he lived many years in India, and, knowing the country well, he believes it would meet with the favour of the native community. If he has any doubt about it, he might try the experiment with his own sovereigns. I can answer for it that it would suit both natives and Europeans in India remarkably well. This gentleman seems to have some disciples in India. Those disciples might return the compliment and ask "W. H. O.", who writes the pamphlet offering this suggestion as a solution of the Silver problem, to ascertain whether it would be agreeable to the English people to take gold mohurs as sovereigns. I have lived in England many years and I believe there is nothing they would like better. Then there has been Colonel Chesney's scheme; and there have been many schemes for increasing the weight of the rupee; for having a gold standard without a gold currency, which seems to be like having race-horses without legs; and many others, all of which have been born to die and are dead. The last and most important scheme is that of bimetallism. I understand that this scheme purposes to get rid of the influence which supply and demand, and cost of production, have in determining the prices of silver and gold; and that legislation shall determine for all circumstances, and fix for all time, the ratio in which these metals shall be exchanged. It may be as well to see how this principle has acted in the past, for it is not new, like some of the other schemes. On the contrary, England has had the experience of it for 600 years, and France for about the same period. From the Conquest up to 1256, silver was the sole standard in English coinage, but in that year the Government determined, to use the phraseology of the bimetallists, to enthrone gold,

and thence commenced the action of the double standard. But the principle of modern bimetallism was not fully applied. The Government of that time and those for about two centuries after, knew that anything they could do would not prevent the recurrence of change of value in the two metals; and accordingly, while gold was recognized as a legal tender, the ratio of its value with silver was liable to be changed at any time by public proclamation. The use of gold for the purposes of money had been growing during the previous two centuries with the development of trade, and debts were liquidated in gold, and ready-money payments were made in gold as well as in silver; but the basis of settlement was, that as much gold should be paid as would be equal on the day of payment to the silver value of the debt. The account was reckoned in silver, and it was a matter of arrangement between the creditor and debtor how much gold should be given in satisfaction of the debt. This practice in the 12th century had grown into a very general custom in the next century; and Government recognized the custom; but it went one step further, and made it obligatory upon the creditor to accept payment in gold or silver at the pleasure of the debtor, but the principle was maintained that a gold payment should be of equal market value to the silver amount of the debt. In 1256, when the law of the double standard first came into force, the value of gold was only as 1 to 10 of silver, but its value steadily increased until 1345, when it stood at 1 to 12½. A reaction followed, and in sixty years (1412) it had declined to 1 to 10½. From this time it began to advance, and in the reign of Henry VIII it touched 1 to 11½. In the reign of Elizabeth it fell to 1 to 10½. During the next century it steadily rose, till in 1664

it stood at 1 to 14½, when the double standard ceased to be operative. The system lasted fully 400 years. During the first three of these centuries the legal value of the two metals was frequently altered, and it corresponded pretty closely to the market value; but during the last 100 years Government took no notice of the fluctuations, and bimetallism as now advocated, had a full chance of showing what it could do in establishing, on an unalterable basis, the market price of silver and gold. Some curious results followed which were at the time not traced to the real cause. One of them was that, if gold advanced above the fixed or mint price, gold coinage disappeared; and, if it went below the fixed price, it somehow or other appeared again and silver vanished. Thomas Gresham, a London merchant, pointed out the cause of the successive disappearance and appearance first of silver and then of gold. It was the double standard with a fixed ratio between the two. When a price high enough to leave a profit could be obtained abroad for one of the metals it would be sent abroad, and the other metal would be brought home to replace or purchase more of the first. Say that £10 of English silver coin would sell in France for gold of the value of 10½ sovereigns clear, such a business would go on until the price in France declined and left no profit. If the demand lasted long enough England would most certainly be denuded of her silver money and she would be practically tied up to one standard. And this is what actually happened in the time of the Stuarts and again in the reign of George III. In 1664 the double standard fell into abeyance. The silver had gone. There was no use proclaiming the ratio of value between silver and gold when there was only gold left. A reaction set in and silver poured

into the country; but previous to the reaction—and one of the causes of it—there had been a large accession to the stock of gold, which was imported by the African Trading Company from the Guinea Coast. In honour of the successful enterprise, the coin that was then minted was called a guinea, but it was precisely of the same weight and fineness as the old pound and passed in account as twenty shillings. Towards the close of the 17th century, the price of silver and gold again approached the legal ratio of 1 to 14½, and then silver again began to fall, until in 1717 the price was 1 to 15½. Sir Isaac Newton, who was master of the mint at the time, called the attention of the Government to the discrepancy that existed between the mint and market value of the gold and silver coinage, and the probability of a drain of gold arising. The bullion value of the gold pound or guinea, as it was now called, had in 1717, advanced to twenty shillings and eight pence, and gold was still looking up. As there was abundance of gold and silver in the country in 1717, the Government decided to reinstate the double standard, but to adjust the ratio to the market price of the two metals. The pound or guinea thereupon was fixed at twenty-one shillings instead of twenty shillings. This was to be a final fixing, but silver, after having fallen to 1 to 15½, began to rise and once more began to disappear. The old law against exportation was revived with no apparent effect. The silver coins became scarcer every day. Silver bullion being higher than the mint price of the coin, the plan adopted by the dealers when exportation of the coin was stopped was this: they bought, say, 1,050 silver shillings for 50 guineas. The silver shillings were melted and were sold in the form of bullion for 51 guineas, which left a guinea profit. The 50 guineas were

employed in buying another lot of 1,050 shillings, which went into the melting pot and were again sold in bars for 51 guineas. The Government could not carry on this unequal contest, and it stopped coining silver money. Between 1790 and 1815, the total silver coinage did not exceed £60 a year. The silver vanished except that portion of it which was sweated or too much worn to be worth the smelters' attention. The coins were mere discs of silver, many of them clipped and defaced beyond recognition. It was thus, by the action of the Government in fixing the proportion at which gold and silver should be exchanged and sticking to the law until silver disappeared, that England, by the accidents of the markets or the perversity of its rulers, and not from choice, became a gold country. It was in these circumstances that the famous Act of 1816 was passed, which affirmed the doctrine that the principal measure of property ought to be made of one metal only. As there was only one metal left in England, there was no choice. Silver was believed to be the more stable and more suitable metal of the two. It was the universal measure of value in Europe and Asia. But the inflexible application of bi-metallism for a century left them but one metal to deal with. Now, I might trace in a similar way the history of the double standard in other countries, but it would be to present the same picture in another frame. What remains for me to do is to refer to what has happened in the money world since 1816. From that time until 1864-65 there was very little change in the relative value of gold and silver, either in England, where there was a single standard, or on the Continent, where the double standard generally prevailed until recently. There had been large supplies of gold both from Australia

and California from 1850 to 1862; and in the latter year a large demand set in from India for silver. With more gold in the market and a larger demand for silver, the effect on the relative prices should have been to raise the price of silver, and this was what actually occurred. But the advance was checked by the issue of the Greenback currency in the United States of America, which gave that country three standards all of equal legal value. The silver and gold currencies becoming rapidly the more valuable left the Greenbacks to themselves, and poured in a steady stream into Europe. But the stream to India was wider and more rapid, and the price of silver still tended upwards. The stock in France was drawn upon. Silver flowed out; gold flowed in; and, but for the close of the war in America and the consequent falling off in the demand for India, it appears quite certain that France would have been as completely denuded of her silver currency as England was of hers seventy years before, and for the same reason. Then came the trying time of 1874 for those countries with a double standard. The unknown amount of silver that Germany was about to set free, the increase in the supply from Nevada, and at the same time a decrease in the demand for India, all indicated that a serious change in the relative values of the two metals was imminent. The law of the double standard on the Continent would be unable to bear the strain which threatened it, and the Government determined to suspend its action. If this sketch of the history of bi-metallism be substantially correct, it will, I think, follow that, whether the law be applied universally, as it was in Europe before 1816, or partially as it has been since, it fails to preserve uniformity of value between silver and gold. Whether

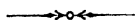
such uniformity of value be desirable or not, it seems to me to be impossible of attainment. What is value? It is not something we can measure by inches or determine by weight; we cannot cut off a yard of it, sell it by the bale, or pour it into a gallon. It is not of the essence of physical objects. It does not inhere in them as a quality like malleability in gold or whiteness in silver. If it did, the value as well as the malleability of a sovereign would be the same at the bottom of the Hoogly as in the Burra Bazar. It is a misfortune that we have no word in our language to express the true meaning of value, and we accordingly, by a kind of metonymy, impute to objects what is only our estimate of them for gratifying our desires or supplying our wants. We speak of the value of a rupee. What is really meant is our value of a rupee. But, just because we talk of a rupee having value as it has weight, we are apt to conclude that Government has power to alter its value as it has power to change its die or alter its size, and hence Government is frequently exhorted to maintain its standard, by which is meant, not the maintenance of the weight or fineness of the metal, but the maintenance of its purchasing power. Value is what we think an object or a service will be worth to us. It is an estimate, a judgment, and that judgment is influenced, if not determined, by our varying wants, desires, hopes, and fears, even by our whims and fancies, and these affections of the mind are in their turn acted upon by the outer circumstances in which we may be placed. In this country, for example, ice is a desirable commodity, and has, in consequence, a value. In Labrador it has no value. Government, in attempting to fix the relative value of two or more things, would thus require to begin with fixing men's opinions about them,

and controlling their wants in regard to them and doing much else that no Government has yet ever succeeded in doing, although many Governments have attempted the unequal task. The remarkable feature about the bimetallic movement is the fervour with which it is advocated by its Liverpool adherents. The question is a purely scientific one and somewhat abstruse, as all those know who have tackled it in the spirit of a student. But the present movement has the enthusiasm, and the idioms, and the dogmatic conceits of a religious revival about it. There are meetings for anxious inquiry, and those who come with their old beliefs go away convinced. They have passed from darkness into light and are called converts. If any of those converts be a man of considerable position in social or business life, he is brought before other inquirers as a remarkable instance of conversion. Those whose beliefs differ from theirs are ignorant, or foolish, or wicked. The doctrines of economists about supply and demand are called ignorant prejudices. One writer calls them plausible but shallow prejudices. They may be prejudices and they may be plausible, but surely shallow is not the word to apply to the matured utterances of men like Locke, and Hume, and Adam Smith, Ricardo, Stuart Mill, Say, Chevalier, and Bastiat. Looking at the probabilities of the case, the shallowness may be on the other side. We have the views of the bimetallicists in eight conclusions, and those who have any curiosity in the matter might contrast the depth of these utterances with the shallow prejudices of Ricardo in his chapter on Currency and Banks. One of the remarkable cases of conversion addressed a meeting, and he told it that he was "thoroughly converted from his prejudices, and his belief now was that a sound currency law must be such as

will insure a creditor being able to pay away what he received from his debtor as of exactly the same value as that for which he received it." Taking the sentence as it stands, I think it is meaningless, but probably what the speaker wished to state was, that a sound currency law should insure the invariability of the value of money. If this be his meaning, then, to put it into a concrete form, his conviction is that, if A gets £10 for a bale of cotton, he ought to be able to buy the same quantity of cotton, a week or a month, a year or ten years, hence for £10. I venture to remark that a man who gives this as some reason for his conversion, or who states his conviction in the way he has done in the sentence I have read, had no convictions to be converted from. He had fallen into the current of general belief. He had heard people talk and he may have talked himself of prices being low, as supplies were large and so forth. As a merchant, he would take in the *Economist* and perhaps read it. His eye, his ear, and tongue would become accustomed to the stock phraseology of the school, but, as to thinking out an economic problem, there is evidence in the statement he makes that he had not advanced so far as to scratch the surface of one. But we are asked to accept the views of the Liverpool bimetallists because they are the views of practical men. Practical in what? They have a large and varied experience in mercantile phenomena, but the question is as to the causes of those phenomena. A practical merchant may know as little of political economy as a practical stone-breaker may know of geology. This is the argument of the butterman in the play of *Our Boys*. He had been twenty years in the trade, and surely he ought to know whether the article he dealt in was Dorset or Dusset.

I have given you a specimen of a convert's exposition of bimetallism. I will in conclusion give you an illustration of the manner in which the head apostle, M. Cermuschi, discourses upon the subject, from which you will see that the science may not be the dismal one it has hitherto been called. "Until 1874 a clear and sonorous voice was always resounding on the banks of the Seine—I am France, rich in gold, rich in silver. I can arrange that in the entire world the two metals form but one money. Peoples and nations! bring to Paris all the gold and all the silver you like; I take it all. For a hundredweight of gold or for $15\frac{1}{2}$ hundredweights of silver I will always give you the same quantity of francs. Let the production of one metal or the other be more or less abundant, more or less costly, it will be immaterial to me. I will never alter my rate of $15\frac{1}{2}$. Peoples and nations! Do you want gold? Bring silver. Do you want silver? Bring gold. As bimetallists the French have no preference for one metal or the other, they will always make the exchange for you; if you ask, of one metal for the other on the basis of $15\frac{1}{2}$, and in the two hemispheres the relative value of the two metals will always and everywhere be the same 1 to $15\frac{1}{2}$. Oh! Wonder! the relative value of gold and silver varies not; the $15\frac{1}{2}$ stands firm. *Impavidum*." A free translation of the last word would be Dominie Sampson's exclamation,—Prodi-gi-ous.

The Currency of India.



*Delivered at the Meeting of the Social Science Association on the 23rd
February, 1881.*

SOME of the subjects of human knowledge have been slowly evolved from a very chaotic state into a clearer and comprehensible one, until at last we appear to have reached, as regards them, the explanation that seems to be final to the intellect of man. And there are other subjects which at the early period of their history were of easy comprehension, but which have, in the lapse of time, been so much incrustated by false conceptions that they are no longer clear, but are extremely obscure. As an instance of the former range of subjects I would point to dynamical astronomy. Confused and ridiculous in the extreme are the earlier speculations on the movements of the heavenly bodies. Profound, but simple, is the explanation afforded by the Newtonian law of gravitation. And I know of no more apt example of the latter range of subjects than that of money or currency. Commencing in few and simple elements, apprehended even by the semi-barbaric trader of the Middle Ages, currency is now the Babel around which a thousand tongues chatter to perplex, if they do not darken, the judgment of the listener.

In the one class of subjects the phenomena were constant. In the other the growing wants and advancing civilization of mankind were constantly secreting new experiences, which required further investigation, and a restatement and analysis of both the new and old facts. While the facts have been, and still are, increasing in number, their potency is somewhat uncertain; and it is therefore a matter of little surprise that the conclusions of theorists should be open to doubt, or that they should be the subject of apparently unceasing discussion. But the causes of the complication do not end here. The self-regarding principle, which is so powerful an element in human nature, comes markedly into play whenever the question of the currency is touched upon. Man's interests are directly affected by it, and we know from observation and experience how easily opinion is shaped by material interests. Accordingly, difference of belief arises, not only from an imperfect comprehension of the observed conditions, but also from the conflicting ways in which arrangements for working a currency are supposed to operate for the advantage or disadvantage of given sections of a community. Those whose opinions are formed under such an influence, or whose views are at all affected by it, are obviously not free to judge impartially in the question; but it is probably from some such reason that the controversies which arise upon the currency are often marked and marred with the warmth that generally characterizes the discussion of party politics. A scientific problem becomes in such hands debased to the level of a squabble about personal interests; and it has been found that writers upon currency, who have had an interest in any particular form of it, have had no permanent value as authorities, however much their expositions of the

subject may have contributed to the general stock of economic lore. From Locke to Mill the admittedly great authorities have had nothing to do with practical finance, but have belonged to the recluse class of observers and thinkers. Adam Smith, for example, devoted fifteen years of his life to thinking out the principles of political economy, and then withdrew for ten years to a secluded Scottish village to write his far-famed "Wealth of Nations."

When man emerges from the purely savage state, he ceases to be the producer of all he consumes, and he produces more of some particular commodity than he himself requires; and the surplus so produced is exchanged for some article which some other member of the tribe has produced in excess of his wants. Division of labour has, in such a case, commenced, and trade has begun to dawn; but the traffic is, so far, confined to the producer on the one hand, and the actual consumer on the other. The vast array of middle men, so familiar to us at the present time, had then no existence. They are a product of a much later period. The commodities, too, must have been few and rude; fish, perhaps, held in excess by one, and some improved fishing tackle offered in exchange, or a bird or beast that had been snared, or some shells or pigment for personal decoration. As mankind progressed and his pursuits became more and more varied, broken up, and specialized, the benefits arising from the barter of surplus stocks would be more and more recognized; but for many generations the custom of simple barter would be the only instrumentality needed to effect all the exchanges that would be required. But, as time rolled on, the principle of division of labour would be more generally applied. Many persons would have a larger stock

of their own handiwork than they could conveniently exchange for an equal value of the articles they wanted. Experience would, in course of time, teach them that the inconvenience would be lessened, if not altogether removed, by taking in exchange something which was known to be in general demand and readily exchangeable at all times. Now, the act of taking something, not for its own sake, but in the belief that it can be exchanged at some future time for things that the holder will want is currency in its infantile stage, and I wish you to mark its features. The first is, that this something is as valuable as the commodity given for it ; the second is, that the something is in general, if not universal, request. Now, among people who had developed as far as the pastoral stage, but not as far as the industrial, the article in most general demand would probably be some domestic animal, and, accordingly, in very early times, we find a man's possessions reckoned by the number of his cattle as the most certain test of his means. There was then no iron, copper, or other metals, for the existence of these implies a later development. Along with the people engaged in pastoral pursuits there would be the fisherman still pursuing his avocation, and the hunter, the shell-seeker, the pigment-maker, the maker of tents and other craftsmen, all following theirs ; and transactions between them, beyond that of mere barter, would be balanced by the payment of so many sheep or oxen. Sheep and oxen were then, of all other commodities, in most general demand, and, presumably, of most equable value ; and for these reasons they were best fitted to discharge the function of the new organism which was insensibly engrafting itself upon the body politic. But when the pastoral life developed into an agricultural, and both

into the industrial, and when the fisher and hunter and the other workers pursued their callings alongside the pursuits of the farmer, shepherd, and metal worker, and all are associated into a nation with forms of law, kings, magistrates, priests, soldiers, minstrels, traders, it would be found that cattle alone no longer served the purpose of a medium of exchange. As an illustration of the state of the currency under some such conditions, the following lines from the Iliad may be cited :—

" From Lemnos Isle a numerous fleet had come
 Freightd with wine
 All the other Greeks
 Hastened to purchase, some with brass, and some
 With gleaming iron ; some with hides,
 Cattle or slaves."

Further experience, derived from an enlarging traffic, would show that some of these articles were better adapted for effecting exchanges of commodities than others. By a process of natural selection, the unfit would cease to be used and the fittest would survive. There would be no theories as to the nature and uses of money in those days. The pressure of circumstances alone would be the power determining the choice. The articles in most general demand, the least liable to decay by keeping, or wear from use, and the most portable, would be gradually divorced from other articles for this purpose. Iron, copper, silver, gold, were successively found to suit best the requirements of an extended and growing commerce. But the tenacity of life of the original forms of money is indicated by the name given to money by the Romans; even after it became metallic. The Latin word *pecus*, cattle, became *pecunia*, money, which has been transmitted to us in the word "pecuniary" and its allied forms ; and, when we speak of a man

as impecunious, we are, according to the derived signification of the word, saying that he has no oxen. And it is somewhat interesting to note that in the reign of Ethelred, money, though by custom and law metallic, reverted, owing to a dearth of silver, to its earlier form; and a law was passed by which the debtor could discharge claims upon him by the tender of live stock. Under this statute it was prescribed that

A man, or slave, should be equal to a pound			
A horse	...	„	thirty shillings
A mule	...	„	twelve „
An ox	...	„	six „
A cow	...	„	five „
A sheep	...	„	one „

Court fines and church penances were paid in the same manner, and the practice of payment in “live money,” as it was called, became so general that when a fine was inflicted it was said that a person was mulcted in so much—mulct being then, as it appears to have been in early Roman times, the designation of a sheep. We find the word somewhat corrupted in the French *mouton* and our own *mutton*. Coins, both in early and later times, were not unfrequently impressed with different kinds of animals to indicate, no doubt, their then value. One of our English coins was struck, so late as the sixteenth century, with a figure of a sheep upon it, which was known as the mutton shilling.

For considerations such as these it may not be deemed extravagant to assert that money not only measures the value of commodities, but also that it measures the social condition of the people among whom it circulates. Money is a growth,

not a manufacture of monarchs or parliaments. It is true that the regulations of potentates may hinder or thwart this growth, as they may impede the progress of their country in other directions; but it may be averred with some confidence that there are few surer indices of the stage of civilization to which a country has attained than is to be found in the form of its currency. Barbaric people still use barbaric instruments of exchange. Highly organized communities, such as England and France, have passed the point at which even the precious metals form the sole vehicle of exchange, for these are largely replaced by bills, cheques, and bank-notes. And in a country like India, where there are people in every stage of civilization, we shall detect every degree of merit in their methods of exchange. We find simple barter prevalent in the least advanced districts. Cattle are found discharging the functions of money in others somewhat more advanced. Salt is ordinarily used in outlying places for liquidating differences in transactions; and we are all familiar with the homely cowrie and the part it plays as money among the humbler classes. Alongside of these we are but one step from the highest refinement to which any currency system has yet reached; and I trust I am not wrong in supposing that, among both the native population and European residents in this country, there are to be found large numbers who may justly claim to be at no great distance from the highest point that human progress has yet touched in any nation. The currency of a country is, therefore, not to be regarded as bounded in its influence by the purpose it serves in the distribution of its products. It is in some degree the basis of a country's moral and intellectual development. The topic is, accordingly, one which may be appropriately

considered by associations, such as this is, for the promotion of Social Science.

After this lengthy introduction, it may reasonably be inferred that I am now to ask your attention to the subject of this paper; but I have still a few observations to make of a preliminary character, and I must carry you back to the point where I attempted to define the nature of money or currency. What I have to say will, perhaps, save explanation further on. According to popular usage, the term "currency" is applied to the substance—whatever that may happen to be, bronze, silver, gold, notes—in use among a people as a circulating medium; and it is also applied to the function which the substance performs. For example, A has a loaf to dispose of, and he takes in exchange for it a piece of silver, called a sixpence. It is assumed that he does not want the sixpence for ornament or to work it up for some useful purpose, but he takes it under the conviction that, when he requires something for actual consumption, he will be able to exchange the sixpence for the article he needs, if it be not worth more than the sixpence. This is the function that the piece of silver performs. It keeps alive a right or title to something that can be used. The sixpence is not taken for its own sake. It can neither feed nor clothe a person, neither shelter nor educate him. This function is the economic meaning of currency or money. The idea is an abstract one and not readily perceived and comprehended. The distinction between it, however, and the concrete notion of a sixpence is an important one, as distinct as the two ideas embraced in the terms "brain" and "thinking". We can imagine the increased difficulty of the study of psychology if we had but one word to express these two

things—the substance, brain, and its function, thinking. The single term “money” for both the ideas I have mentioned is the source of much confusion in the discussion of monetary questions. But as we know, whatever we may believe, of no thinking apart from brain, so there is no money apart from a commodity, real or assumed. There may be fictitious moneys, as there may be simulated thought in the talk of an automaton, but the substratum of money must be a valuable commodity. Its value is not an unvarying one, but, owing to the practical indestructibility of the precious metals, the amount of them in the world, through the accumulation of ages, is now so large that any ordinary increase or diminution in the supplies has little effect in changing their values. Still, they are liable, like all other commodities, to be affected by changes in supply and demand, and these changes can only be ascertained by comparing their value with that of other commodities. To the question, What is the value of a hat? we cannot intelligibly reply, The value of a hat is a hat. Nor can we say the value of a sovereign is a sovereign; but we can reasonably answer that the value of a hat is a sovereign, or that the value of a sovereign is a hat. A common mistake which you will often hear vehemently insisted upon is that the value of gold in England is invariable, because an ounce of it is always exchangeable for £3 17s. 9d. But these are merely inverted terms to express the same thing. An ounce of gold is divided into three equal parts called pounds, and one unequal part called seventeen-and-ninepence. The same number of grains are in an ounce of gold as in the pieces of gold which we call three pounds seventeen and ninepence, neither more or less, and the value of both is determined by

the weight of the metal. Accordingly, when we say that an ounce of gold is worth £3 17s. 9d., we are only saying that an ounce of gold is worth an ounce of gold, or, to generalize still further, that a thing is equal to itself, which is a kind of statement that conveys little information. The value of money is not due to the name of the coin nor to the stamp upon it, nor to legislative enactment, but to the weight of pure metal in it. The term "pound" was the unit of weight in use over the greater part of Europe, and the pound troy was so called from the circumstance that the city of Troyes, in France, which was the great rendezvous of merchants in the Middle Ages, adopted twelve ounces as the weight of its pound, not sixteen ounces as in other parts of Europe. Troyes seems to have been the chief market for silver, and the custom prevailing there forced itself upon the smaller markets; and the pound troy became the standard of weight in all dealings with silver and gold over the whole of Europe. The standard of value, which is a modern and misleading term, has been in all countries the standard of weight, and the unit of weight was the form adopted in the keeping of accounts. In England, we keep our accounts by pounds, which originally was twelve ounces of silver, and a pound was divided into twenty parts, called *solidi*, or *shillings*, and each *solidus* was divided into twelve pennyweights. In India, the unit of weight is the *tola*, an alternative name for a rupee which contains a *tola's* weight of silver. In China, accounts are kept in *taels*, which is the unit of weight in that country. We have wandered from the simple primitive notions that the value of money had the quality of weight for its basis; and the belief, long acted upon, has prevailed that the will of kings or parliaments could

determine the value of a currency, irrespective of its value measured by weight. France, England, Scotland, and the Dutch adopted this belief, and they gradually reduced the weight of the pound until, in the sixteenth century, it weighed no more than four ounces. The Dutch and the other nations on the eastern shores of the German Ocean adhered to this weight of four ounces long after further reductions had been made by England, France, and Scotland. In the time of Henry VIII. the pound had barely an ounce and a-half of silver. The pound of Scotland had not half an ounce, and that of France had not even a quarter of an ounce; the value of the English pound was about 6s. 6d. of our present money, the Scots' pound 1s. 8d., and the French livre 10d. The Dutch, the Danes, and the Flemish learned wisdom by experience, and ceased moving in the pernicious direction of their neighbours, and the value of their pound remained at 20s. of our present money. The value of the original pound was 60s. Those good old Saxons coming to England to trade were known as the Easterlings, or the traders from the East, and their money was known as Easterlings' money. There was thus circulating on the coasts of England and Scotland three different values of money of the same denomination. There was the English pound worth 6s. 6d., the Scots' pound worth 1s. 8d., and the pound of the Easterlings worth 20s. In spite of the law and severe penalties the custom grew among English merchants and traders to exchange their goods for Easterling money. Elizabeth, in 1601, restored the value of the English pound and made it conform to that of the Easterlings'. The initial diphthong of the word *Easterling* dropped out of use, and thus originated the phrase "sterling money." Any necessity for the

distinction has long ceased to exist, for the English pound is by custom and law a given weight of the precious metals, and no other pound has been in circulation for upwards of two centuries. I have referred to the doctrine of the survival of the fittest. The continued use of this phrase is an example of the survival of the needless.

The currency of India, as regards its principles, is, to my mind, one of the soundest in the world. It has all the advantage of safety that can be derived from a currency of the precious metals, and it has all the advantage in convenience that a note circulation can afford. But there is much room for doubting whether silver is now the most suitable of the metals for its standard; and there is also room for believing that the note circulation is not so efficient as it might be. It cannot be satisfactory if, after twenty years' experience, the note currency is not more than one-tenth of the whole circulation. It shows that the fears of the people regarding its safety are still alive, or else that the arrangements made for its circulation are culpably imperfect. I have heard, but I do not know as a fact, that at the Government treasuries in country districts great reluctance is shewn in changing rupees for notes and notes for rupees, and that frequent rudeness accompanies the refusal to exchange; and, accordingly, persons requiring change are thrown into the hands of shroffs and others, who of course will not give the full nominal value of a note for rupees or of rupees for a note. In such cases the defect is always imputed to the note, and a belief is formed that a note is of less value than the rupees it represents, and it will in consequence be avoided rather than cherished. Very little difference in value and a little inconvenience experienced in changing notes will

have a potent influence in limiting their circulation. The advantages of a note currency when it is perfectly sound, such as that of India, are, 1st, increased portability; 2nd, saving of the loss from wear of metal; 3rd, it sets free a corresponding amount of capital for reproductive purposes; and 4th, the benefit derived from the interest on Government paper held as security for the due payment of the notes. The profit is now about twenty-five lacs a year. If the smallness of the circulation be due to fears for the safety of the notes, that is a difficulty which cannot be wholly overcome by Government. Knowledge of the character of the notes, and experience of their convertibility, will be the best monitors. But Government may do much. Railways and telegraphs have been much extended since the note currency was first issued. Places for the encashment of notes should be more numerous. Notes issued at Calcutta, Bombay, and Madras, should be cashable at all the great centres of trade; and the strictest injunctions should be laid upon all treasury agents throughout the country to exchange notes and rupees at par whenever it is possible to do so; which, I imagine, could always be done if suitable arrangements were made by neighbouring treasuries to provide each other with supplies of notes and coin. Some additional cost and some more risk would be incurred in transporting money in this way, but the direct profit would far outweigh the cost, and the indirect benefit would be very great. In no part of the speech of Mr. Wilson to the Council in introducing the Currency Bill, nor in his dispatches to the Home Government, does he venture to estimate the amount of notes that would be absorbed in the circulation; but it is apparent from the high estimate he formed of the suitability of a note issue

for this country, that a circulation of only twelve crores after twenty-one years' experience of its advantage would be much less than he would have calculated upon. The high ratio of the note circulation in other countries where it is not so securely based, is some reason for pronouncing the note circulation of India to be faulty from its insignificance. Out of 205 treasuries there were only ninety-seven that were able to cash notes at all times during the past year. There were seventy ordinarily able to do so, and there were thirty-eight which could not give even ordinary accommodation. With such facts before us we can hardly be surprised at another fact, that Government notes are rarely seen at any considerable distance from those treasuries where they are always cashable.

Having said so much on our note currency and its safety, we come to the question, What of the standard itself? Is it secure? Is it any longer suitable? One of the recommendations of a currency is its supposed steadiness of value. It is asserted that silver has no longer that recommendation, and there is a cry that something must be done to preserve its steadiness, if it be not altogether abolished and gold substituted. We have two sets of doctors engaged in the restoration of our silver currency to robust health. The one calls for instant amputation of the diseased member, the other set counsels treatment. Half of this set advocates a reducing treatment by restricting the coinage of the rupee, and the other half advocates a generous course of living by associating silver with gold. When it is alleged that the precious metals have been steady in value until recently, we assert what cannot be readily substantiated. We know there is no such thing as absolute steadiness of value, and that silver and gold have

that quality in a higher degree only than other commodities. We know also that silver and gold have frequently changed their values in relation to each other, and what is patent to every thoughtful reader of history is that their values in relation to other commodities have declined enormously. So much has this been the case that, comparing the prices of the same kind of things three hundred years ago and now, we shall find that a given quantity of silver and gold would have purchased three times the quantity in the sixteenth century that it would do at the present time. The last important change in the relative values of silver and gold occurred twenty-five years ago. Mr. Wilson became our Financial Minister shortly afterwards; and during his *régime* the adoption of a gold currency was strongly advocated, but for precisely the opposite reason that it is recommended now. Silver had advanced, or, what is probably truer, gold had declined owing to the enlarged supplies from Australia and California; and those who were holders of public stocks or were recipients of fixed incomes upon a gold basis endeavoured, as Mr. Wilson says, in a dispatch to the Home Government, "to create a feeling in favour of some change in order to avoid the depreciation in their property which they apprehended from the reduced value of gold." It cannot, therefore, be said that there has been steadiness in value of the metals between themselves, much less can it be averred that they have been steady in relation to all other things. The mass of the precious metals, however, is so great that any ordinary addition to, or diminution of, the supply does not materially affect their value. An alteration to a similar extent in the supply of any other article would instantly act upon the market and seriously affect its price.

The variation due to the supplies from the new gold-field was intensified by the fears of many people regarding the future of gold. There was disinclination to commit oneself to contracts on a gold basis. Holland discarded gold from its currency and replaced it with silver, and other continental nations reduced their purchases of gold. There was thus, not only large supplies of new metal, but also of old, thrown on the market, and, concurrently, there was the new demand for silver to supply the place of the gold that had been discarded. The divergence in value at that time must have had two causes, the one dragging gold down, and the other impelling silver upwards; but how much of the divergence is due to either cause it is quite impossible to state. The difference did not ultimately turn out to be so great as the fears of some imagined it would be. It certainly did not exceed six per cent. We are in a much more serious plight at the present time. Six per cent. would be regarded as a trifle. The divergence is about twenty per cent., and it may have arisen in three ways. The difference may be due, 1st, to a fall in silver, 2nd, to a rise in gold, or 3rd, to a simultaneous movement in both metals, the one falling and the other rising. It is exceedingly difficult to form a correct judgment as to the cause. The usual test is that of the value of all other commodities compared with that of gold or silver; and the test would be a satisfactory one if we were quite certain that at the time of applying the test the values were the average values over a period long enough to exclude any material effect from temporary causes. There is good reason for believing that prices have an orbital movement, with its aphelion of depression and perihelion of excitement, every ten

years. If the test were to be applied at a period of great activity, it would shew a low purchasing power of money, and it would be inferred that the value of the precious metals had declined. The converse would hold good if the test were applied during a panic. Money would then seem to have risen, for it would command more of other things. In such an application of the test, it is assumed that the difference is always due to a change in the value of the metals, which is undoubtedly as erroneous as to suppose that all difference is due to a movement in the values of general commodities. The Indian Government countenanced this faulty inference in an extremely able and lucid minute in reply to a requisition of the Chamber of Commerce to limit the coinage of the rupee. The Government adduced figures to shew that it was not silver that had fallen, but gold that had risen, in value. In other words, that silver had as great a purchasing power after the alleged fall in its value as it had formerly.

The table upon which the argument rested is as follows.

PRICES IN LONDON OF CERTAIN COMMODITIES IN MARCH, 1873, COMPARED
WITH APRIL, 1876.

				March, 1873.	April, 1876.
Beef, inferior	..	..	..	100	110'00
Coffee	..	..	..	100	95'37
Silver, bar	..	..	..	100	89'54
Copper	..	..	..	100	88'27
Flour	..	..	..	100	86'17
Wheat	..	..	..	100	90'00
Wool	..	..	..	100	30'48
No. 40 White Twist	..	..	..	100	80'36
Sugar	..	..	..	100	71'79
Cotton	..	..	..	100	68'92
Coal	..	..	..	100	63'43

The following table compiled by Mr. Robert Giffen, of the London Customs, brings the comparison of prices down to 1879.

PRICES OF LEADING WHOLESALE COMMODITIES IN JANUARY, 1873 AND
1879, COMPARED.

	January, 1873	January, 1879.	Fall in 1879.	
			Amount.	Proportion per cent. on price of 1873
Scotch Pig Iron, per ton	127s	43s.	84s.	66
Coals, per ton	30s.	19s.	1s.	37
Copper, Chili bars, per ton ..	£91	£57	£34	37
Straits tin, per ton	£124	£61	£31	57
Wheat, <i>Gazette</i> average per qr. .	55s 11d.	39s. 7d.	16s. 4d.	29
" Red Spring, at New York per bushel	\$1 70	\$1 10	\$0 60*	35
Flour, town made, per sack ..	47s. 6d.	37s	10s. 6d.	22
" New York price	\$7 5	\$3 7	\$3 80*	51
Beef, inferior, per stone	3s. 10d.	2s. 10d.	1s	26
" prime small, per stone ..	5s 3d	4s. 9d	6d	10
Cotton, mid. upland, per lb. ..	10d.	5½d.	4½d.	46
Wool, per pack	£23	£13	£10	43
Sugar, Manilla Musca, per cwt.	21s 6d	16s.	5s. 6d.	26
Coffee, Ceylon, good ord., per cwt.	80s	65s.	15s.	19
Pepper, black, Malabar, per lb. .	7d.	4½d.	2¾d	39
Saltpetre, foreign, per cwt. ..	29s	19s.	10s.	34

If we were quite certain that the prices of commodities as given in those tables are the normal prices, I do not see how the conclusion could be resisted that the difference between the value of the gold and silver is not due to a fall in silver, but to an advance in gold. But we are now sufficiently removed from that time to take a juster view of the situation, and to feel assured that the high prices of commodities in

1873 were mainly due to a great speculative movement that swept over the commercial world from 1870 to 1874, and that the low prices of 1876 and 1879 were due to the collapse that occurred in 1875. Nevertheless, the fact must be accepted that an ounce of silver has been as effective in purchasing all the necessities of life and most of its comforts and luxuries during the last five years, as it was during the previous five years, when it was worth 60s. in gold. It is said that heaven tempers the wind to the shorn lamb, and it is no small mitigation of the misfortunes of those whose incomes are based on silver to feel that, if they cannot get as much gold for their silver as in former days, they can get as much of most other things.

But, while we cannot yet apply tables of prices as a perfectly reliable test to the question, it seems to me that there are a sufficient number of facts of a leading kind to justify the conclusion that silver has fallen and that gold has advanced in value. Assuming that the law of supply and demand determines the exchangeable value of all things, we have, on the one hand, an unquestionable increase of the supply of silver, 1st, from the mines, and 2nd, from Holland and Germany, which have thrown upon the market the surplus stocks arising from their demonetization of silver. On the other hand, the demand has been reduced by the inability of India and other Oriental countries to take their accustomed quantity of the metal. The excess amount thrown upon the market is unascertainable, but there is no doubt as to its magnitude. By way of estimate it may be set down at equal to three years' produce of all the mines in the world. The diminished demand is not less than two

years' production. It cannot, therefore, be doubted that there has been a great fall in the value of silver. As regards gold we have of late years a diminished production of about one-third less than the average of the years 1845 to 1870; and the demand has been increased by Holland and Germany enthroning gold, to use a phrase common among bimetallists. Other facts of a similar character might be cited, but they are of less importance. In addition to these palpable factors in the problem, there is the influence of the unseen, but felt, action of multitudes striving to avoid commitments in that which is discredited and believed to be full of danger, and to be on the side of that which is accredited and charged with safety. Can there be any doubt that the movement in the value of the metals has been of a biform character, and, looking at the energy of the repelling forces, can there be any surprise at the extent of the divergence that has ensued? Then comes the question, What is the economic result of the change? I think it is of less consequence than it is frequently asserted to be. It is an advantage to those holding gold or having contracts in gold, that it should advance in value; but there is a corresponding disadvantage to those who have to pay, and, similarly, with silver. So far as the whole country is concerned it is of small importance what the change may be. Nor does it matter much as regards its dealings with other countries. Importers sell their merchandise upon a sterling valuation of the rupee. Vendors of produce, if they pay more rupees, due to a decline in their value, for the imports they consume, get more rupees for the produce they sell. In the end, although the account be stated in money, imports are exchanged for exports, and consequently

the value of a currency in countries dealing with each other is of little or no moment. The only real loss, apart from individual losses which are balanced by individual gains, arises, so far as I can see, upon that portion of the capital of the country which has been invested in silver. Taking stock at the present time of the silver in India at £200,000,000 at par, there would be a loss of about £40,000,000, which has accrued during the past five years, or at the rate of £8,000,000 per annum. But against this loss has to be placed the gain upon the stock of gold, about £100,000,000. The profit would be £20,000,000, or £4,000,000 per annum, and deducting the gain from the loss we have a balance against India of £20,000,000, spreading over a period of five years. If the present position of the metals be maintained the loss per annum will grow less year by year. The loss of £20,000,000 is made and done with. It is not a recurring one. This calculation is based upon the assumption that one moiety of the divergence that has taken place is due to a fall in silver, and the other to a rise in gold. To those who hold that the difference is due to a fall in silver alone, or to a rise in gold alone, the calculation will seem erroneous. In the one case the loss will be the full £40,000,000, and in the other there will be no loss at all.

The principle of the calculation I believe to be sound; and if it be so, the alarm about the fate of India, owing to the nature of its currency, is groundless, or at all events much exaggerated. A single bad harvest is a greater disaster by far. It must be admitted, however, that a shifting value of the currency in relation to that of other nations is a great disadvantage. It unsettles men's minds. It makes contracts more uncertain in their results. There have been changes

before between silver and gold; but on the whole they have held together with little discord for many generations. But I cannot see that more injury results from gold diverging in value from silver than results from its diverging in value from wheat, or any other article of large consumption. One hears more discontent expressed when there is a smart fall in exchange than is heard when the fall is in piece goods, or seeds, or jute. Complaints are made, not so much of the loss sustained, but of the fluctuating character of the currency, and clamorous appeals are made to Government to steady it. These appeals are heard when the fluctuations are downwards. I have not heard of any when exchange curved the other way. We are always readily disposed to take credit for our success. It is a pleasant kind of self-flattery we indulge in. And we little hesitate to blame Government for our non-successes, arising from circumstances over which the Government has no control. I have read of some races who whip their gods when the rainfall is not satisfactory. We are not one whit more reasonable in blaming Government for not giving us a good steady rate of Exchange.

But admitting that fluctuations in the value of a currency are detrimental to the interests of a country, and that the present depression in silver is injurious to India, the cry then rises for a remedy. Is there any? To my thinking there is none of an artificial character that would not be worse than the disease, even if one were possible. I need only glance at two of the proposed remedies. The first is the replacement of our silver standard by a gold one. While I am prepared to admit that the adoption of this scheme would possibly—I cannot go further than that—be effective, let us look at the

cost of it. I assume, as I did before, that the circulation of India amounts to £100,000,000. Notwithstanding the adoption of a gold currency the quantity of silver in the form of a token currency would, owing to the multiplicity and smallness of transactions, be much larger than would be required in such countries as England and France, and I put it down at one-half, so that the gold to replace the discarded silver would be £50,000,000. The only possible way of getting this sum would be by a loan in Europe. The withdrawal of so huge a sum from the circulation of Europe would undoubtedly raise the rate of interest, and we could not reasonably estimate it at less than five per cent. India having received this prodigious sum would then have to purchase the silver currency to a like extent. Putting aside the probability of an advance in silver arising from such a demand, India would have at the close of the operation £50,000,000 of silver in its vaults. The loan could hardly be for a less period than fifty years, which would involve an annual cost of £2,500,000; and, as the silver would be lying idle, there is nothing to set against the expenditure, unless, indeed, it were to be sold. In that case we have to estimate the loss that would be incurred by doing so. With India practically closed to silver, and with this amount pressing on the market, the fall would be enormous. It is not extravagant to put it at one-half. There would thus be a loss of £25,000,000 to start with, and there would be on hand £25,000,000, the proceeds of the sale of the silver, which might be used reproductively to give five per cent. This would practically reduce the annual interest of the loan to £1,250,000, which would be of the nature of a perpetual charge; but, for the sake of bringing the figures within a calculable

range, we will limit it to thirty years. It would then follow that the cost of a gold currency would be the

First Loss	...	...	...	£25,000,000
Thirty years' interest, £1,250,000	...			£37,500,000
				<hr/>
				£62,500,000

My previous calculation showed a loss by the depreciation of our stock of silver at £20,000,000. We should thus find ourselves paying £62,500,000 to escape a loss of £20,000,000. Nay, not even that, because I have assumed that Government would buy the silver at its present price, so that the outlay of £62,500,000 is incurred for the sake of avoiding a future possible loss arising from a possible further depreciation in value of silver. This would be throwing a very big herring to catch a very small sprat. The advocates of a gold currency may consider my figures exaggerated on the one side, and underrated on the other; but let them take their own estimates, and work out the figures so as to shew a profit and loss account of the transaction, and I shall be surprised if they continue to believe in their scheme as a panacea for our present ills. As to bimetallism, which is the only other remedy I shall allude to, I look upon it as a craze even though it be advocated by men of wide experience and clear enough intellect. The theory has never succeeded by force of parliamentary enactment, and it is contrary to all deductive reasoning, of which the law of supply and demand is a fruit, to conclude that it would be successful. Indeed, its supporters, to be even remotely logical in their arguments, affirm that the law of supply and demand does not apply

so as to determine the value of money. The last evidence of the inefficiency of the bimetallic principle is its failure in the United States. The Bland Bill provided for the issue of silver on a basis of one to sixteen of gold, with which it was to be concurrently legal tender. Prodigious efforts have been made to get the new silver dollars into circulation. The Secretary of the Treasury in accounting for the failure of the law gives these two reasons. 1st.—It is too bulky for large transactions. 2nd.—It is known to contain a quantity of silver of less market value than the gold in good coin. Further action in the Bland Bill with its bimetallic base is suspended, and the Secretary adds “that more silver must be added to the dollar to raise it to its gold price, else the single standard of silver or gold must be adopted.” And thus it is shewn that, while the dicta of authority may ordain one value, the stronger law of man’s interests will enforce another. As an illustration of the uncontrollable nature of the causes of value we have but to look at the present excitement in the silver market due to an announcement that France has proposed a conference upon the Silver question. People look forward with hope that something will be done. A demand, arising entirely from a belief in an advance based on such a hope, has sprung up and operators become confident. And it is hopes so formed and beliefs so founded that some imagine Government can guide and control. It is quite natural that France with its prodigious stock of silver, bought at low prices, should endeavour to turn an honest penny by trying to induce other countries to rehabilitate silver. Whether France will be successful remains to be seen. I don’t think

it will, but should other countries, at its solicitation, discard gold and adopt silver as their currency, gold, other things equal, will decline in value and silver will advance. That can be certainly predicted. The action of France I believe to be, at least, premature. It should have waited until low prices curtailed supplies of silver, and until there was a large demand from silver-using countries. As it is, the chances are that the conference will end in a report. A collapse will follow, or precede, the report, and then Government will be blamed anew for not steadying silver, and by those persons who are doing their utmost to make it unsteady.

The home charges are considered in some influential quarters to be a terrible burden upon the country, and we hear on many sides that if they were annihilated silver would soon right itself; but this heavy tribute, such is the word, paid to England is ruining the country. A tribute in its ordinary acceptation is "a sum of money paid by one nation to another either as an acknowledgment of submission, or as the price of peace or protection, such as the Romans exacted from all the countries they conquered, and as the Turks exact at this day." Not a few appear to believe that the home charges are of this nature. Certainly their statement conveys the impression of such a belief in their minds. Now, these home charges for the year ending 31st March, 1879, amounted to £13,800,000, and they consisted mainly of three items, viz., interest on debt and for guaranteed railways, £7,500,000; stores, £1,090,000, and charges on account of Army pensions, administration, &c., £5,000,000, not a sixpence of which is parted with except

for a consideration on behalf of India. I do not say whether that consideration is equal to this charge. It is likely enough that abuses exist. But in so far as these services and stores are valuable, their cost is not a disadvantage to the country, and the interest we pay is only the equivalent for the use of the capital that has been lent to us. If the charges were scuttled and sunk beyond recovery, exchange would soon right itself. Yes, and it would all the sooner get into this happy position if Europe would advance £150,000,000 more on the same terms, that is, free of interest; and it would rally faster still if stores were furnished without cost and services were given gratis. Lancashire could help the recovery immensely by supplying us with all the piece goods we require for nothing.

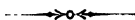
In so far as these charges arise upon a valuable consideration they occupy precisely the same position as private charges, whether these be for money lent to us, for goods supplied to us, or for services rendered to us. In so far as these charges are not for valuable consideration they are baneful, but not to a greater extent than the same amount uselessly spent in India itself. A loss is not affected by the incident of location. A lac of rupees thrown into the Ganges is as much a loss to India as if it were tossed into the English Channel.

It remains for me only to add a few words on the prospects of our currency. They are shrouded in mist, I would even say gloom. The failure of the Bland Bill has stopped the silver demand for America, Holland and Germany are not likely to return to a silver standard; nor are the countries of the Latin Union, notwithstanding the

proposed conference, likely to depart from their attitude of expectancy. Nor can we cherish a confident hope that the exports from silver-using countries will increase so much as to absorb upon a balance of trade the supplies of silver that may be thrown on the market. Our products are principally agricultural—cotton, food, grain, seeds, tea, indigo, and jute. As regards cotton and food grains, their cultivation in America is extending rapidly. The fertility of the soil and proximity to the European markets enable America to lay down its surplus products of these articles at low rates, so that any material addition to the *value* of our exports in cotton and grain is a remote contingency. Nor is there much hope of the *quantity* over a period of ten years being largely augmented. Seeds have a more hopeful look about them : so have jute and gunny bags. Tea will no doubt increase both in price and quantity as its merits become known ; but a million sterling a year would be a sanguine estimate of any probable expansion for the next ten years. Indigo is threatened with annihilation, but the saying, threatened lives last long, may hold good in its case. These articles constitute the bulk of our exports, and, if my estimate of their future course be a just one, we cannot look for much help in that direction to redress the fall that has taken place in silver. But this adverse consideration is not without its countervailing advantage. If commodities be low in price, it shews that the instruments of production have been rendered more efficient, that we have better results for the same expenditure of effort, that the necessities of life and its comforts are more abundant ; and let us not forget that, if we get less money for the commodities we sell, we

shall pay less for those we buy. Nor must it be overlooked that there are influences silently at work checking the aberration of silver. If it be low in price, more of it is required to circulate commodities; that is a drag upon its downward course. And as it diminishes in value there is proportionately less inducement to produce it; that not only creates a tendency against a fall, but it engenders a tendency towards an advance. Anyhow, the loss is not of momentous importance, as I think I have shewn. Our invasion of Afghanistan will cost as much as our loss on silver will amount to, and the loss goes no further than the first one. The outlook is not cheerful, but I think we tint it with exaggerated shade. We are apt to clothe our prospects with the gloom or sunshine of present circumstances. There is an ocean of uncertainty, perhaps of difficulty, or even of storm, before us; but, judging of the future by the past, we may hopefully believe that the coast of human life, torn into rugged gulfs though it be, will still trend in the direction of social well-being. Allison, in his *History of Europe*, has a fine passage to the effect that success is usually on the side of probity. If to probity we add industry and thrift, all of them virtues within our powers, we may have full assurance that the country will be led in safety, by the surest path, through its present difficulties.

The St. Andrew's Dinner in Calcutta.



At the St. Andrew's Dinner of the 30th November, 1886, MR.

GEORGE YULE, who acted as Chairman, proposed the following toasts :—

"THE QUEEN-EMPRESS."

GENTLEMEN,—It is one of the great blessings we have to be thankful for that our Gracious Sovereign and her subjects scattered over her vast possessions thoroughly understand and appreciate each other. The Queen-Empress has her duties, which are discharged with promptitude and earnestness. She has also her privileges under the constitution, and these she has never attempted to augment or strain. On the contrary, upon all occasions when the exercise of them seemed to be against the wishes of the people, the royal prerogative has been waived. As her public life has been full of true queenly work, so her private life has been beautified by all that is lovely and of good report. (Cheers.) Rejoicing with her people in their prosperity, sorrowing with them in all their troubles, she has drawn forth responsive sentiments from their hearts. When some domestic event brightened her hearth the people were glad. When the hand of the reaper closed over the fair form of Albert the Good and bore him

away to the invisible land, and she could scarce be comforted because he was not, the people mourned with her. And when the same reaper gathered into his garner first one and then another of her children, the same deep sympathy was awakened throughout the Empire. How much of that unity which gives strength to our Empire is due to the character of the Queen, it would be impossible to say, but we cannot doubt that it has largely helped to cement the bond of amity that holds all its members together in a common brotherhood. We had an illustration of the reality and depth of that unity when the Penjdeh incident occurred. You recollect with what enthusiasm every colony and dependency rushed to the support of the Crown, and nowhere was that feeling more fully manifested than in India. (Cheers.) Bitter controversies were hushed in the presence of the common danger, and England ought not, cannot forget the splendid display of patriotic devotion that then leaped spontaneously from every part of the country. (Cheers.) Much of the devoted loyalty then exhibited, I am persuaded, was due to the respect and affection with which the Queen's personal character has inspired the minds and hearts of all her subjects. Our Sovereign has ruled wisely and well. She has lived a truly noble and beautiful life among us, and I know I interpret your heartfelt wishes when I pray that she may be long spared to reign over us. (Loud cheers.)

"THE PRINCE OF WALES AND ROYAL FAMILY."

GENTLEMEN,—I have spoken no word in a strained or halting spirit in asking you to respond to the toast of "The

Queen-Empress"; and I am glad, as you are glad, that no other tone is needed in commending to your acceptance the next one on the list. Looking back upon the past history of our monarchy, we cannot say that all the occupants of the throne have been model men or model kings, nor that all the heirs-apparent were types of the true kingly character. Fortunately our lines have been cast in more pleasant places. It is not the circumstance of high rank or grand title alone that commands the respect and regard of mankind in these days. There must be something of real worth in the man himself.

" You've a' heard tell o' Rob Rorrison's bonnet,
You've a' heard tell o' Rob Rorrison's bonnet,
'T was na the bonnet, 't the head that was in it.
Gart the haill parish speak o' Rob Rorrison's bonnet."

If we talk much and admiringly of the Prince and Princess of Wales, it is because their rank is adorned and graced by high character, earnest work, and good deeds. There are some ill-conditioned tykes in the world who have never a good, sound, honest word of praise for anybody, but only a snarl that is prompted by the manginess of their own souls. Now and again one hears a snarl of this kind, but it serves to bring out into bolder relief the expression of the high esteem in which the Prince and his charming wife are held. (Loud cheers.) It has been said that the Prince is one of the hardest-working men in the kingdom, and that he gives his services with a cheerfulness that adds to their value. Speaking from our St. Andrew's-day point of view, and under the inspiration of a St. Andrew's Dinner, the only mistake or misfortune in the

Prince's career was that he first saw the light on the wrong side of the border. (Hear, hear.) Since the day that our old countrymen prayed the Lord to give us a "guid conceit 'o oursel's" the quality of self-appreciation, it has been said, has not been a dormant virtue among us. (Laughter.) Now, one of the conceits we sometimes indulge in is, that a first-class business man and a Scotchman mean the same thing. They are convertible terms, and accordingly, when we hear it said of some one that he is a good business man, a mental kilt immediately swathes our thoughts—(laughter)—and we ask, not what countryman he is, but only, "what part of the countree he comes frae," Glasgow, or Dundee, or Aberdeen. (Renewed laughter.) Now, one of the distinguishing features in the character of the Prince is that he is a good business man, and, therefore—St. Andrew being rampant in our logic—he is by nature, as he ought to have been in fact, a Scotchman. Pitying and sympathizing with him in his misfortune, we may claim by way of compensation and as a solace that, as the Paisley bodie said of Shakespeare, "If he is na' a Scotchman we are free to admit that he has a' the abeeleete o' ane." (Laughter and cheers.) The rest of the Royal Family are no less worthy of our respectful homage and regard, and I have to ask you now to accord to the toast the reception it deserves. (Loud cheers.)

"THE VICEROY AND THE LAND WE LIVE IN."

GENTLEMEN,—In considering what I should say to you in introducing the next toast, there was the temptation to divide it into two main heads, "The Viceroy," and "The Land we

Live in"—(loud cheers)—and, after the manner of our Scotch preachers, who were, in the old days at all events, our models and guides in all things, to break up each of these divisions into half a dozen considerations, and then to wind up with an application and an exhortation. (Laughter.) The temptation was but a momentary one. You have heard the story of our two old countrywomen, who were standing at the corner of the village street on a Monday morning, discussing very warmly the question whether the preaching on the day before was a sermon or a lecture. A third old woman, hearing the sound of controversy, joined the party, and, being appealed to with confidence by both sides, she duly considered the arguments and then delivered the verdict that "it was neither a sermon nor a lecture, but just a plain discourse." (Laughter.) Now, I may explain to the uninitiated that, though a sermon and a lecture differ much in their construction, they have this quality in common, the establishment of some disputed point and the annihilation of some other. A "discourse," on the other hand, is rather colourless of controverted matter, and generally is a quiet expansion of some narrative or some passage of a purely didactic character. I had the choice, it seemed to me, between a sermon and a lecture and a discourse; but as I had no controversial opinion, political or otherwise, not even on the Silver question, to advocate, and none to smash, and nobody to denounce, the sermon and the lecture were clearly unsuitable, and there remained the discourse. But there was this difficulty: a discourse is usually a long affair, and I felt that that would not suit you nor me. I may illustrate by another story what a discourse may

be, and what it may lead to. On one occasion the Minister chose for his subject, "And Peter's wife's mother lay sick of a fever." The first Sunday the subject was introduced, the second it was expounded, the third it was enlarged upon, and on the morning of the fourth two countrymen met, and one of them said to the other, "Well, Peter, are you going to the church to-day?" "Na," said Peter, "I'll no gae back till that auld wife's dead or better." (Laughter.) Discarding the discourse I fell back upon another form of speech to which we were accustomed, viz., the "few words," which the Minister usually spoke on some auspicious occasion, such as a marriage or a christening.

Happily the toast admits of short treatment. The Viceroy, as the representative of our gracious Sovereign, will always be received with cordiality in such a gathering as this—(cheers)—but it is not on that ground alone that you will give a hearty reception to the toast. Lord Dufferin is one of England's most tried and faithful servants. (Ringing cheers.) Wherever he has gone to represent the honour and interests of his country the people never had the slightest misgiving that all would be done that could be done, and in a perfectly open and straightforward way. (Renewed cheers.) The great influence of Lord Dufferin as a diplomatist lay not only in his intellectual ability, which is great, not only in his profound knowledge of human nature and the passions and motives by which it is swayed, but also, and, I believe mainly, in the transparent honesty of his character, and in his desire to do the right thing rather than the sharp or the great if that was dulled by the breath of injustice. (Loud cheers.) As England's representative in Syria, as our Ambassador at

St. Petersburg and Constantinople, as Governor-General of Canada, and as adviser in Egypt, he was alike successful; and in selecting him for the high position of Governor-General of India the Government, by universal consent of the country, had chosen one of the very best of its sons. (Cheers.) I am not sure, however, that we are perfectly correct in attributing these high qualities to Lord Dufferin as if they were wholly his own and wholly self-evolved. When we see a fine tree heavily laden with splendid fruit we say that it must be of a good sort, which may be true, but we sometimes forget the sunshine that ripens and mellows the fruit and endows it with its rich and beautiful colouring. What the sunshine is to the peach, Lady Dufferin has been to the Viceroy. (Ringing cheers.) I feel sure that, when you respond to the toast, you will bear the sunshine in mind when you think of the tree. But, however good and productive our Viceregal tree may be, the demands upon its resources are constantly growing. The changing circumstances of the country are steadily making the position of a Viceroy a more trying one, and his work difficult and harassing. In view of the next change in our arrangements, which will probably be in widening the doors of our Legislative Councils so as to admit a larger proportion of the non-official element, it seems to me to be worth considering whether our Governor-Generals should remain in the Council, whether it would not be better if they ceased to be part of the legislative machinery, and became its greaser or overseer with a veto more or less limited over its productions. If I interpret Lord Dufferin's own views correctly, some such position is the proper one for a Viceroy to occupy. In one of his fine

speeches in Canada, Lord Dufferin compared himself as Governor-General "to the functionary we see superintending the working of some complicated mass of steam machinery. This personage merely walks about with a tin vessel of oil in his hand, and he pours in a drop here and a drop there, as the occasion or creaking of a joint may require, while his vigilance is directed to the preservation of his wheels and cogs from the intrusion of dust, grits, and other foreign bodies."

What I think I clearly perceive is that, under existing conditions of legislation, and more so under wider conditions, neither lofty reputation nor transcendent ability, nor unspotted integrity, will save our Governor-Generals, while members of the Council, from being dragged in the mud of angry reproach, first by one party and then by another, until their influence as representing the impartial attitude of the Crown is wholly gone; and they will be the subject of aspersions or praise according as they side with this or that kind of legislation. They will become partisans in spite of themselves, to the loss alike of their dignity and usefulness.

With respect to the land we live in, I have a fancy which I hope has some glimmer of truth in it. Those oppressively learned men called ethnologists and philologists seem to think that the mass of the human race we are most familiar with, had its origin or development somewhere on this Peninsula, and that, wending its way across the Himalayas, it spread itself out over Northern Asia and Europe in successive waves, the last ripples of which broke on the Britannic Isles. The fancy I have is that the British, in returning to India, are like children coming back to see their old grand-

mother. It may be that there was no impelling sense of filial duty that led us hither. Probably it was our restless, roaming disposition, and a lurking belief that there was some jam-pot in the old lady's cupboard we would like to have our fingers in. (Laughter.) Still, we brought something she needed much—peace within her borders, security for life and property, a faithful administration of law, some arts and sciences that we hoped would renew her youth and put her straight on her legs again, which had got very shaky under the buffeting of contending factions. In her better moods she owns that our visit has given her pleasure and much advantage, but sometimes she puts her cap up, and tells us that we and our institutions are no better than adulterated ghee. Well, we know how her temper was soothed recently when it was found that she was being victimized by her own sisters and her cousins, her brothers, her uncles, and her aunts. The Lieutenant-Governor came sharp down from the hills and passed a law to suppress the vicious practices of her more immediate relations. There is another law which might be as successfully applied when she is snappish with her pale-faced offspring—a law that was passed in a diviner Council than even that which assembles in the Bengal Secretariat, old as the hills and printed on the fleshy tablets of the heart—the law of human kindness. That law, reduced more and more into practice, will assuredly round off the corners that grate on our relationship, and Celt and Saxon, Mahommedan and Hindu, will rub along with no greater friction than seems to be inevitable in the best regulated families. (Cheers.) However dreamy such a consideration may be deemed to be, we may on this occasion profitably

saturate our minds with the vision of our own immortal bard
that the time will come,

"When man to man the world o'er
Shall brithers be for a' that."

(Cheers.)

"THE LIEUTENANT-GOVERNOR."

GENTLEMEN,—I have at this point of our proceedings to interpose a toast which I know you will receive very warmly. We have with us to-night the Lieutenant-Governor of Bengal. (Loud cheers.) This is the last time he can honour us with his company, and we were anxious to secure his presence so that we might have the opportunity with a united voice to bid him good-bye with a "God bless you". Six-and-thirty years have come and gone since he first set foot in this country, and during that time he has worked himself through the different grades of the service up to the distinguished position he now so worthily occupies. His career is more or less known to all of us, and I need not stand between you and the reception of the toast by telling you the various incidents that have marked that career. You, however, wish me to be your mouthpiece in saying to him that he stands high in our esteem, and that we have a full appreciation of the talents, the industry, and the high moral qualities he has brought to the discharge of the duties of his exalted office. (Cheers.) He has suffered, as all in his position must suffer, from the attacks of those who have differed with him as to the policy to be pursued in the government of this province; but he has this for

a consolation, that his stoutest opponents have recognized in their calmer moments that he has always been animated by the purest motives, and a sincere desire to benefit and uplift the teeming millions that are under his care. (Cheers.) I will not say in his presence all that his admirers think of him, but I may say this, that he has not only their esteem and respect, but also something akin to personal attachment, which will not fade when he passes from the scene of his labours in Bengal. (Prolonged cheering.)

The Income Tax Bill.

A Public Meeting of the inhabitants of Calcutta was held on Thursday, the 28th January, 1886, to consider the Income Tax Bill. MR. GEORGE YULE, who was then Sheriff of Calcutta, was voted to the Chair, and delivered the following address.

GENTLEMEN,

I am not sure what the intention of the promoters of this meeting was in regard to the Income Tax, whether their intention was to bless or to curse. While I do not wish (it might be improper to do so), in my capacity of Chairman to take sides in this discussion, I hope it will not be considered that I travel beyond my functions as Chairman if I place before the meeting a few considerations upon the question that has brought us together this evening. Taxation is never a pleasant subject to contemplate, but it is one of those facts that can never be got rid of in a civilized community, and it has to be faced. If we wish to be free from imposts, we must go to those places of the earth where government is not known or not practised. I may take it that some of us attach ourselves to that class who are tolerant of taxation. We

must recognize that taxes are inevitable, and we have, therefore, only to consider, first, to what extent they are necessary, and second, what form they should assume. Any objection that can reasonably be taken to the proposed Income Tax must be on one or other of these grounds. First, is the amount proposed to be levied really necessary? Assuming that the expenditure of the Government is correctly stated, and that the amount to be expended is really required for the proper conduct of the affairs of the country and for its protection, then the question is one of simple book-keeping. I do not intend to say a word upon the policy of the Government, which seems to be the main reason for the additional taxation. This is neither the time nor the place for opening up a controversy of that sort. That question may now be said to be beyond the range of practical politics. Whatever may be the opinions here and there as to the wisdom of that policy, I think it must be admitted that it was almost unanimously approved at the time of its initiation; and if the policy were to be reversed now, such a step would, I think, meet with universal condemnation. It is impossible to retrace the steps that have been taken. It is equally impossible to avoid the expenditure connected with the measures that have been adopted—deliberately adopted, in virtue of that policy—to place the country in that state of security from foreign attack to which it is considered, rightly or wrongly, to be exposed. If this conclusion be correct, the money must be provided somehow. Then, in the second place, as to the form this necessary taxation should assume, I have known the feelings that have been excited on many previous occasions, when new taxes

were proposed or old ones modified, and I think in no previous instance has there been so general a concurrence that the form proposed now is the best that the circumstances admit of. That by itself is a matter of the highest importance. The tax may, on its own merits, be a good one or a bad one, but it has this marked characteristic about it, that those who have to pay it have shewn upon the whole a hearty disposition to bear the burden. Some of the details of the Bill were felt to be susceptible of improvement, and the representations that have been made in respect of these defects have been listened to, and all of them, except one, have been remedied. The only special point that remains unsatisfied, so far as I know, at all events, is that connected with the duration of the tax. A desire has been expressed in some influential quarters, especially of the native community, to limit its duration to two or three years. The Government has on that point given a point-blank refusal, and I cannot help thinking that it has been right in its decision. Consider for a moment. The expenditure is not a temporary one, nor intended to be so. On the contrary, it is to be an enduring one, and the provision for it ought also to be enduring. If the Government clearly see the absolute necessity of the outlay being a part of the yearly disbursements of the country, they cannot escape from the duty of making permanent provision for it. I am afraid that by doing otherwise the Government would lay themselves open to the charge of not being quite sincere in holding out any hope of the sort. Such an offer might tickle the palate of the community, but thinking men would perceive that such an offer was but a disguise to an un-

palatable dose. It would be neither wise nor courageous in us to seek to be pleased with a promise which could not be made in the honest belief that it would be fulfilled. Then I, for one, rejoice that we have a Government which refuses to make its task easier by holding out a prospect of relief when there is none in view.

The question of the policy of direct taxation as against indirect is a big one when viewed in the light of economic theory, and I don't propose to say a word about it. As a practical one applied to India, it appears to me that direct taxation is altogether unsuitable when it touches income on property of small amount. The expense of collecting it must be high, and it affords an opportunity, too often, I fear, utilized, for oppression on the part of the persons engaged in assessment or collection. This was the great defect of the License Tax as introduced by Sir John Strachey. It is equally unsuitable if applied to moderate or high incomes when the application of it is unfair and distinctly partial. This feature marred the former Income Tax Bills, so that persons of equal resources were not all subject to the tax alike. A man was liable to pay according as he was of this or that profession, and Government officials were entirely exempt. This obvious injustice had more than anything else to do with the failure of all previous attempts to raise an Income Tax. There was a dead set against its successful administration, and the tax deservedly failed. This blot does not disfigure the present Bill to the same extent, but it is not wholly free from it. I cannot see any good ground for the exemption of income derived from land and agricultural pursuits; and, if there be no good and sufficient reason for

such exemption, I trust the loving, paternal hand of Sir Auckland Colvin may, at no distant date, find its way to the pockets of that favoured class of the community. Upon the whole, I am in favour of the Bill, because I think it is a practicable one, but mainly because it reaches those who do not contribute and never have contributed anything approaching to a fair share of the expenses of the State. I am in favour of it for the further reason that it will bring into subjection to its operation those who determine the policy of the country. It is unfortunately the truth that, in almost all countries, whether ancient or modern, the educated and rich classes have alone determined the extent and kind of expenditure, and they have also determined that the ignorant and poor should pay it. The healthy, restraining influence that an Income Tax affords has been wanting, and enterprises have been entered upon that would probably not have been undertaken if there had been a Bill to pay at the tail of them. That restraining influence happily exists now in England, and I see in the Income Tax that is to be imposed here the first honest effort to give to this country the great advantage of the restraining influence that now and again, not to put too fine a point upon it, has been wanting in some of the adventures of our rulers in past times.

The Exodus to the Hills.

A Public Meeting of the inhabitants of Calcutta was held on Wednesday, the 14th July, 1886, to protest against the migration of the Government to the Hills. MR. GEORGE YULE, who was then Sheriff of Calcutta, was voted to the Chair, and delivered the following address.

My first duty, Ladies and Gentlemen, is to express my regret that Dr. Rajendralala Mittra cannot be here with us this evening, in consequence of an attack of illness from which he has not yet recovered. My second duty is to tell you that we have received a very large number of communications by post and telegraph, in which those communicating with us have expressed their views upon the subject that has brought us here this evening. Some of these communications are rather lengthy, and I should have liked to have read them to you, but I dare not. The first one received is from Chittagong, and the purport of it—and the purport of the whole we have received—will be sufficiently made clear to you, if I read you the first sentences of the telegram from Chittagong. It says: “We regret that floods

have precluded the holding of a meeting here to support the noble and patriotic action you are taking in protesting at last against the enduring grievance of the location of the Government in the hills. The entire community—Native, Eurasian, and European—sympathize with you most heartily, and unanimously approve of your endeavours to terminate the greatest scandal in connection with India of modern times.” Then we have communications from Serajgunj, Allahabad, Poona, Lahore, Benares, and other places.

Last, not least, is one which I received only five minutes ago from Simla, to the following effect: “To the Sheriff of Calcutta. The Assistants in the Secretariats here send the following message: To-day’s meeting has our entire confidence and support. The attainment of its object will be a boon to us, and we wish it every success.” This is remarkably gratifying, coming from the Secretariat offices.

I have now to address you on the subject which has brought us here this evening; I think it must be admitted that for many years no public movement has received the amount of support that this one is receiving. And the support comes from all classes of the people with a unanimity of voice that is truly astonishing. Take the Chamber of Commerce, by way of example. Although the movement is one that the Committee felt to be outside the class of subjects that could be properly taken up by the Chamber, I think I betray no secret when I say that, from the President to the last elected member of the Committee, every one of them is of opinion that the practice we are met to discuss is a pernicious one. The same thing, I understand, may be said of the Committees of the Trades Association

and the British Indian Association; and I have not heard of a merchant or tradesman, native or English, who does not hold the same view. I am not at liberty, and I have no authority, to speak on behalf of any one; but I am not far wrong in saying that there is not a public body in Calcutta—that there is not one of our judges, nor a barrister, nor a solicitor—who does not condemn this great and growing evil. And I believe I do not exaggerate the state of feeling of the community of this city when I say that not fifty persons could be found in it who do not look upon the migration of the Government departments in any other light than with the greatest disfavour. And, when one comes to think of the character of the arrangement, it is really little to be wondered at that it is the object of universal condemnation. I know of no country in the world where a similar custom prevails; and, were it not that we are a docile people and too much occupied with our own affairs to care much what the Government does or where it goes to, the evil would have been checked long ago. You know our way. When there is something to be condemned, everybody wants somebody else or some association to take the matter up, and so the wrong grows and spreads until it becomes at last intolerable. This meeting is the evidence that it has reached the intolerable stage. No one grudged the veteran Sir John Lawrence the gratification of his wish to spend some of his time in the hills with one or two of his trusted advisers and his secretary, and no one would complain of a similar arrangement with his successors. But it is another matter when the Legislative and every other department of the State are removed bodily, down to its clerks and printing presses, to a

remote corner of the country. The small and unobjectionable beginning of twenty years ago has developed into a general stampede, to the dislocation of business, to an unknown additional expenditure, and to the dissatisfaction of all classes and conditions of the people. Why should this be so? It cannot be on the ground that the nature of the work is such that it can only be done at an elevation of 7,000 feet. Writing, talking, thinking are very necessary functions of the Governmental machine, but these are about the only functions it has to discharge. Out-door active work is rather an incident than a rule in the life of those who have the privilege and the responsibility of ruling this vast country. Now, I hope that it is not absolutely essential to talking and thinking that the air should be thin and cold. Many of us have to write, and talk, and think, and some of us have a large amount of out-door work in the plains all the year round, and we flatter ourselves that it is done with a fair degree of efficiency. No doubt, a temperate climate is more delightful to an Englishman than a tropical one is, and the hills have, on that account, a charm about them from March to October that the plains do not possess. But, while a retreat to the hills may be desirable to the few who have to do Government work, is it more desirable for the many for whom the work is done? This is entirely disputed.

There is the question of cost. What that is, no one knows. This kind of outlay gets mixed up in the disbursements of the different departments, and no attempt is made to separate and distinguish it from other expenses. You may, therefore, put it down at your own figure, anywhere from five to fifty lakhs, and the Accountant-General

himself will not be able to contradict you from any accurate knowledge of the facts. But then it is said that the work in the hills is carried on with such vigour that the extra cost is balanced by the extra work. I may say in reply that this vigorous view is not generally accepted, and those who have correspondence and transactions with the Government while at the hills will bear testimony that the vigour is chiefly conspicuous by its absence. But, to my mind, the expense incurred by the exodus is a minor evil—the least of all. The great mischief lies in the practical separation of the Government from the governed. Officials who are isolated from the people can hardly help forming themselves into a clique or brotherhood, and feel that they are on one side and the people on the other, who are not slow to reciprocate the feeling; and thus incidents of a frivolous character give rise to suspicions and antipathies between them. The dangers and disadvantages of such a relationship far outweigh the mere pecuniary consideration. Were there anything in the kind of work to be done by the different departments of Government that make it impossible or difficult to be done at the usual places in the plains, there would be some justification for this wholesale removal. By everybody else having his work in the plains, it is considered necessary to be near it. There is no important dissimilarity in the work of Government offices to that of other callings. Secretaries of associations, professional and business men, deem it necessary to be near their work, their clients, and their customers. Imagine, if you can, the condition of things in which the President, the Secretary, the Committees of the Chamber of Commerce,

the Trades Association, and all the other Associations in Calcutta, Bombay, and Madras, could waft themselves and families to the Himalayas for eight months out of the twelve at the associations' expense, on the plea that they will do their work better there than here. Imagine our doctors flying to the same heights, and assuring their patients, whom they leave behind, that they will be able to attend to their special ailments better from the hills than at Chowringhee, and suggesting accordingly that their fees be capped by substantial allowances. Imagine our High Court with all its officers joining the glorious company of run-aways on the pretext that they will be so invigorated by the change that we may reasonably look for more efficient work from its officers, and sounder decisions from the Judges, away from both clients and brain-bothering counsel. As to merchants and tradesmen, they have learned the wisdom of the proverb, "Keep thy shop, or thy shop won't keep thee," and in the wildest flight of fancy they would not be equal to imagining that they would do a better business by removing themselves, their subordinates, their samples, and stock-in-trade 300 to 1,500 miles away from their customers. To remove our respective Governments from the centre of their activity to their distant boundaries is like putting the hub of a wheel too near its rim. Such an arrangement is called in mechanics an eccentric motion, and it has been alleged, with more or less of truth, that during the past twenty years many of the resolutions of the Government that have emanated from their summer quarters have been of the eccentric kind. Dissociated for so long a time from the people, our officials must lose touch of their wants

and aspirations, which gradually unfits them for the best discharge of their duties. They lose the prismatic power, to borrow a simile from Bentham, of disuniting good from evil, the desirable and expedient from what the people neither demand nor care for, and an alienation of good feeling creeps into the relationship of the rulers and the ruled. The ideal relationship would be that, when the Government are at their mountain retreats, they are thinking of and working for us, and that we are thinking with loving admiration of them—a kind of mutual yearning—

" The pine tree dreameth of the palm,
The palm tree of the pine ; "

but the actual is different from the ideal. It is hard to entertain this kind of sentiment towards policemen who desert their beats, and towards Governments who fly from the post of duty. Let it not be said that we are opposed to officials having reasonable opportunities for repose from what I believe to be anxious and exhausting work. On the contrary, holidays, as is said of prayer and provender, hinder no man. These, alternating in due proportion, are good for all earnest workers. Nor let it be supposed that I have any blame to impute to the present members of the Government for the existence of this objectionable custom we now condemn. They have stepped into conditions created for them, not by them. They are the victims more than the abettors of this bad habit—a habit which, like opium-eating, is pleasant for a time, but is injurious in its reaction. If rumour speaks truly, some of the highest of our officials are conscious of the permanent injurious effects of

the custom, and they would be glad if it were checked. Let us hope that the present agitation will add strength to such a conviction in high places, and that, before long, the exodus may be reduced to its original and reasonable limits.

The Fourth National Congress.



*At the Fourth National Congress, held at Allahabad (26th—29th
December, 1888), MR. GEORGE YULE presided, and
delivered the following address.*

GENTLEMEN,—When I was asked some time ago to allow myself to be nominated for the position you have now elected me, I had some hesitation in granting the request. It was an unexpected, and with all due deference to the judgment of my too indulgent friends, it was an undeserved compliment. That, however, is a kind of objection which can be always and very easily got over. But I knew your assemblies were very large, and I also know that it is a most desirable quality in the president of such a gathering to have a voice strong enough to reach the remotest listener. I feared I had no such voice. For that reason chiefly, and for others that need not be mentioned, I felt, I hope with unaffected diffidence, that I was scarcely the man to follow those magnificent speakers who had occupied the chair at previous meetings of the Congress. Nevertheless, quickened by my warm sympathies with the main objects of the Congress, I am here at your call for better or for worse.

And now, gentlemen, I come at once to the business that lies before us. Why are we here? What do we want? What are we striving after? In the resolutions that are to be submitted to you there are some reforms embodied which state our wants, which set forth our views, and indicate the direction in which our thoughts are travelling. I think I am right, however, in saying that all these do not occupy exactly the same place in our regards. About one or two of them there is more or less of doubt as to their value or importance. But there is one of them respecting which there is the most complete and perfect unanimity of opinion. I refer to the reform of the Legislative Councils. I myself regard this one as the most important of all. Each of the other reforms begins and ends with itself. The reform of the Councils is not only in itself good, but it has the additional virtue of being the best of all instruments for obtaining other reforms that further experience and our growing wants may lead us to desire. With your permission I will confine the observations I have to make to this one question. In doing so, it seems to me to be needful first of all to state some of the facts connected with the origin of the Bill under which the affairs of India are at present administered.

When the sole government of this country was taken over by the Crown in 1858, it fell to the lot of Lord Palmerston, who was then Prime Minister, to introduce into the House of Commons a Bill which was afterwards known as India Bill No. 1. The main provisions of this Bill were, that the Government of India was to vest in a Viceroy and Council in India, and in a Council of eight retired Indian officials presided over by a Secretary of State in London.

The proceedings of these two separate bodies, each of whom had certain independent responsibilities, were to be subject to the review and final decision of the House of Commons. The chief objection to this Bill was, that no provision was made for the representation of the people of the country. Mr. Disraeli, who was leader of the Opposition, objected to it on the ground of the insufficient check which it provided; and he said that with such Councils as those proposed, "you could not be sure that the inhabitants of India would be able to obtain that redress from the grievances under which they suffered, that English protection ought to insure." Almost immediately after the introduction of the Bill, Lord Palmerston was defeated upon a side question, and Lord Derby became Prime Minister with Mr. Disraeli as leader of the House of Commons. No time was lost by the new Ministry in introducing India Bill No. 2. Mr. Disraeli dwelt upon the desirability of having the representative principle applied to the Government of the country, and this scheme was to increase the Council in London, which was proposed by Lord Palmerston, from eight to eighteen members, half of whom were to be elected and were, in all other respects, to be entirely independent of Government. He regretted that the unsettled state of the country did not admit of representation of the people in India itself, and all that could be done in the meantime was to approach as near to that form of government as the circumstances would permit. The provisions of his Bill to effect that purpose were briefly these: four of the elected half of the Council were to be members of the Indian Civil and Military Services of ten years standing, and the remaining five must have been engaged in

trading with India for at least five years. The constituency electing the four members connected with the services was to consist of all officers of both branches of the Indian service, and also of all residents in India owning £2,000 of an Indian railway or £1,000 of Government stock. The five mercantile members were to be elected by the Parliamentary constituencies of London, Belfast, Liverpool, Manchester, and Glasgow. So deeply ingrained is this notion of government by representation in the minds of Englishmen that, rather than leave it out of sight altogether in dealing with the affairs of India, the Government of that day made the proposals I have stated. Although the intention underlying these proposals was applauded the scheme itself was felt to be, from the imperfect character of the constituencies, wholly inadequate to secure the check that was desired. It was clear, or rather it soon became clear, that the interests of one set of voters were adverse to the interests of the mass of the people, and that the other set knew absolutely nothing of the country or its wants. Received with favour at first the Bill soon became the object of jest and derision on the part of the Opposition, and even its more impartial critics said of it that it was useless offering to the people of India under the name of bread what would certainly turn out to be a stone. At the suggestion of Lord John Russell the Bill was withdrawn, and the House proceeded by way of resolution to construct the framework of another Bill. The plan finally adopted was this: the Legislative and Administrative powers were to be entrusted to a Viceroy and a Council in India, and the check upon them was to be a Council of fifteen

Members sitting in London. This Council was to be responsible to the Cabinet through a Secretary of State, who was to be responsible in turn to the House of Commons. This arrangement was regarded merely as a provisional one, and the policy to be pursued was to work up to the constitutional standard. Education was to be largely extended and improved, and the natives of the country were to be drafted into the service of Government as they became qualified, with the view, among other reasons, to fit them for the anticipated enlargement of their political powers. The promises made and the prospects held out in the debates in Parliament derived a lustre from the famous proclamation of the Queen—that half-fulfilled charter of India's rights—which was first read and published to the people of India in this very city of Allahabad thirty years ago. Now, what I wish to impress upon your minds by this brief narrative is the great importance that was attached at that time to some sort of constitutional check. Failing to have it in the form that the English people themselves approved and followed in the management of their own affairs, they devised the substitute with its three-fold check I have mentioned. Parliament itself was full of gushing enthusiasm as to the part it would take in the business. In the absence of a representative body in India, the House of Commons was to play the rôle of one on our behalf. It was to regard the work as a great and solemn trust committed to it by an all-wise and inscrutable Providence, the duties of which it would faithfully and fully discharge. Such was the style of language employed both in and out of Parliament at the time I allude to. And now what is the actual state of the case? It is summed up in a

single sentence. There is no check. The Bill under which our affairs are administered, appears, like many other Bills, to be open to more than one interpretation. The interpretation put upon it at the time, and what was probably the intention of Parliament, was this: the Government in India was to have the right of the initiative, the Council in London the right of review, and the Secretary of State, subject to the ultimate judgment of the House of Commons, the right of veto. And this was practically the relations of the parties until 1870. In that year the Duke of Argyll was Secretary of State; and in a controversy on this subject with Lord Mayo, who was then Viceroy, he laid down quite another doctrine. He held that the Government in India had no independent power at all, and that the prerogative of the Secretary of State was not limited to a veto of the measures passed in India. "The Government in India," he maintained, "were merely Executive Officers of the Home Government, who hold the ultimate power of requiring the Governor-General to introduce a measure, and of requiring also all the Official Members of the Council to vote for it." This power-absorbing despatch is dated the 24th November, 1870. The supposed powers and privileges of the Council in London have been similarly dealt with, and the Council is now regarded merely as an adjunct of the office of the Secretary of State to furnish him with information or advice when he chooses to ask for it. The present position, then, is this: the Government in India has no power; the Council in London has no power; the House of Commons has the power, but it refuses or neglects to exercise it. The 650 odd members who were to be the palladium of India's

rights and liberties have thrown "the great and solemn trust of an inscrutable Providence" back upon the hands of Providence to be looked after as Providence itself thinks best. The affairs of India, especially in the Financial Department, have passed, with no kind of check whatever, into the hands of the Secretary of State. I don't blame the present members of the House of Commons for thus abdicating the functions that their predecessors of thirty years ago assumed. The truth is that they have not time enough to attend to the details of the trust; and on more important matters they can have only one side of every question—the official side—presented to them; and they know from experience that that is not always the whole of the case. As they are not in a position to judge rightly, they do not attempt to judge at all; and they may fairly come to the conclusion that, if it is not worth our while to demand and agitate for some voice in our own affairs, it is not worth their while to trouble themselves at all about us. If we be satisfied, for example, to have the budget thrown at our heads like a snow-ball—and a muddy one it is—we deserve to have it in that way. There is a common belief among the European trading community that there are some big leaks in the Store Department and in Home charges generally; but we have no means for verifying or disproving the suspicion. Now and again we hear of some facts that confirm it. Here is one told me the other day by an authority I would call unimpeachable. The department with which this gentleman is connected indented for an article, and after many weary months it came at last charged six times the price at which he said he himself could have bought it. If we be content with the secrecy and the

supposed inefficiency of such a system, then I say we deserve no better. Temporary Commissions of inquiry into the working of such departments are of little good. The real remedy is a Permanent Commission in the shape of elected Members of Council having the right to look into such matters.

But when we make the demand that the political institutions of the country should be placed on a wider basis, we are not only asking what the Government of thirty years ago avowed was desirable, but also what almost every Viceroy since that time has either promised or held out as a hope to be indulged in by us. I admit that those promises have been associated with such phrases as "when qualified" or "as far as may be." These words doubtless afford a pretext for shirking the due fulfilment of the promise. Of course, to the antagonistic mind our qualification will always be in the future; but I am sure I express your conviction when I say that, whatever use the abettors of the present bureaucratic rule may make of these phrases, the distinguished personages who uttered them had far other intentions than to make of them a loop-hole of escape when all other channels of retreat were closed by a reasonable fulfilment of the conditions. Putting aside, then, this Small Cause Court use of the words, I come to say something on the question of qualification. What does it mean? What was in the minds of the Queen's advisers when these phrases were employed? Can we doubt that they were thinking of the qualifications of ordinary English constituencies at a somewhat more rudimentary stage of their development than they are at to-day? Now, if it can be shewn that there are considerable numbers of people in this country with attainments and characteristics similar to those of con-

stituencies in Great Britain two or three generations back, the condition as regards them has surely been amply fulfilled. But how is that to be shewn? It is not a matter for mere floating opinion to decide, one man saying yes, and the next saying no, but neither being able to adduce any reason, or state any fact in support of his view. If you want to know the financial resources of a body of men such as a trading company, you audit their accounts. If you wish to ascertain where a village is in point of education, you don't inquire what Mr. This or Baboo That thinks, but you want to know how many schools there are, how many scholars there are, and what amount of money is being spent upon them. Then you have facts of a kind on which to form an intelligent and reliable judgment. Now, gentlemen, in the Blue Books published by the Indian Government you have the material, the moral, and the educational state of the country set out in such fulness as to enable us to say where the people are in the scale of humanity as compared with those of other countries. I am not going into an "as dry as dust" analysis of these facts. I simply indicate the method of proof, and I challenge anyone to rise from the study of these books and give reasonable grounds for denying that there are large bodies of men in this country fitted in every way for the proper discharge of duties connected with a constitutional form of government. One or two of the facts may be mentioned, however, to illustrate the nature of this evidence. The total foreign trade of India has reached the figure of £150,000,000 a year, which was the extent of the commerce of the United Kingdom in 1837. We are in precisely the same position as regards commerce that England was in

fifty years ago, and yet the mercantile community have not an authoritative word to say about the laws and regulations affecting such a prodigious trade. The income of the British Government in 1837 was £47,200,000, not one penny of which was raised or spent without the sanction of the representatives of the people. The Indian Budget of last year shews an income of £77,000,000, and there is not a man in the country outside the Supreme Council who has a vote or a voice in the matter. Since 1858, about £20,000,000 has been spent on educational institutions. The number of these institutions at the present time is 122,000, attended by upwards of 3,300,000 students. The number of schools in England in 1821, was only 18,467, and the scholars 650,000. These, however, have rapidly increased during the last twenty years, but it was not till 1881 that they reached the number of the schools and scholars in this country. Now, a statesman or a politician would surely be justified in concluding that the country of which such facts can be stated must have within it considerable numbers of men of means, intelligence, industry, foresight, and moral grit—the very material out of which good representative institutions can be carved. But there are other considerations that add weight to the testimony of the Blue Books. In all the discussions that have taken place in Parliament about the inhabitants of India, there is one section which has never been thought of at all—I mean the British non-official class to which I belong. I want to make our existence known. We may be known as barristers and solicitors, as bankers, traders, merchants, engineers, editors of newspapers, manufacturers, planters, and so forth, but the idea of citizenship, and all that that implies, never seems to

have occurred to our rulers in connection with us. I know it has been said that we are already represented. We are English, and the Government is English; therefore we are represented. But that is a false inference and a pure delusion. We have no more power, and no more voice in the government of the country, than you Indians have. The government is no more ours because it is administered by a Secretary of State who is an Englishman, than the bread in a baker's shop is ours because the shop happens to be kept by an Englishman and not by a native. We are all alike held to be on the same low level of unfitness and unripeness. The only thing we are the least bit of good for in the country, from the Governmental point of view, is to be taxed. We are ripe enough for that; ripe enough to come under the sweep of the Board of Revenue sickle, but unripe for the meanest privileges of a free country. Our number is uncertain. The census tables do not inform us; but, few or many, almost all of us would be voters in England, and I venture to suggest that we would make a passable fraction of a constituency in this country. There is another consideration. There are many thousands of Hindoo, Mahomedan, Eurasian, Parsi and other gentlemen in the country, who, if they were to transfer their persons to England for twelve months or more and pay certain rates, would be qualified to enjoy all the rights and privileges of British subjects. If you and I go to England, we are qualified. If we return to India, our character changes, and we are not qualified. In England we would be trusted citizens. In India—well, the charitably-minded among our opponents say that we are incipient traitors! There is one

more consideration. You know that the Government is accustomed to send some of the Bills it has in preparation to all our leading Associations, both Native and European, for the expression of our opinion upon their provisions. If we be qualified to give an opinion outside the Councils, how much more valuable would that opinion be with the fuller knowledge that can be obtained inside the Councils.

I have thus far spoken of the qualification as having an intellectual as well as a material basis, but I may say here that the only qualification ever known to the British constitution has been the possession of a stake, as it is called, in the country. For four hundred years that stake was a forty-shillings freehold. At the present time it is in the occupancy of a house and the payment of certain rates. An educational qualification may be implied in these later days, but it has never formed a test of fitness within the British dominions. But assuming it to be so, then, what I find is, that India to-day, taking it all over, is in rather a better state in this respect than England was a century ago. At least every ninth man in India can read and write. Now, I will read you a short extract from an excellent little book by Professor Thorold Rogers, called the "British Citizen." He says, speaking of England, "I do not believe that one hundred years ago more than one man in ten, or one woman in twenty, knew how to read and write. When I was a youth in a Hampshire village, hardly one of the peasantry who was over forty years of age knew how to read. It was deemed superfluous to give a rudimentary education to the peasant." Going another century or two back, the people of England, man and boy, high and low,

with the exception of a mere handful, were steeped in the grossest ignorance, and yet there was a House of Commons. But, whatever may be deemed to be a proper qualification in England, or here, it is part of our own case that the great majority of the people is quite unfitted for the franchise. There we are at one with our opponents. But then they say that that is a good reason why the minority should wait until the mass be also qualified. There I think they are wrong. Granted that a man is not entitled to a vote any more than he is entitled to drive a steam engine, and that is my own view of this question; but, because the persons in a country capable of managing steam engines are few compared with those who are not, are we, on that account, to debar the capable few from following their vocation? In like manner, I contend that if there be but a small minority in a country fitted to exercise the useful function of the franchise, it is a mistake to withhold the privilege from them on the ground that others are not fitted. Given increasing means and growing intelligence, and there invariably follows a desire to have a voice in all matters that concern us; and I hope it is not difficult to believe that such a desire—"the monition of nature", as Carlyle calls it, "and much to be attended to"—has been implanted in the human breast for some wise and good purpose. Happy would it be for the world if, instead of thwarting and repressing such a desire, its rulers nourished it and guided it, as it arose into the proper channels for its due gratification and exercise.

Now, the views and facts I have submitted would seem to warrant some important change in the polity of the

country ; but the change we do advocate is one of extreme moderation, and far within the limits that the circumstances of the country, in my own opinion, would justify. We don't seek to begin, as has been asserted, at the point England has reached after many generations of constitutional government. We don't want the strong meat of full age, but we want to be weaned. We say there are numbers of us who have had the feeding-bottle long enough. We desire no sudden snapping of existing ties ; we ask only for the loosening of the bonds. We are content to regard ourselves as in the position of the man who has long been confined in a darkened room on account of disordered eyesight. We know that under the skilful treatment of a kindly physician our visual powers have been strengthened. We have sense enough not to demand the full blaze of day to be suddenly let in upon us, but only such a drawing aside of the curtains as will adjust the light to our powers of vision. But if the physician, skilful and kindly as we recognize him to be, were to insist upon our remaining in the dark we should be forced to the unwelcome conclusion that his skill was resultless and abortive, and that the unlovable side of his character had manifested itself in that he wished to keep us in the dark for some unworthy purpose of his own. If under such treatment we became discontented with his services, the blame of it would be with the physician and not with the patient.

Now, gentlemen, I will state more definitely the change we desire. We want the Legislative Councils to be expanded to an extent that will admit of the representation of the various interests in the country, as far as that may be practicable. We want half the Councils to be elected, the

other half to be in the appointment of Government, and we are willing that the right of veto should be with the Executive. We also want the right of interpellation. These are the substance of our wants. We propose that the constituencies should consist of members of municipalities, chambers of commerce, trades associations, associations like the British Indian Association, and generally, all persons possessing such qualifications, educational and pecuniary, as may be deemed necessary. We should have to go far back in the history of England to find a parallel to the limited privileges we would be content with—to the time, at all events, of Edward I., 600 years ago, when Barons and Commons sat together, and when King and Barons held the sway. We are not wedded even to these proposals. The principle of election frankly accepted, there would be little difficulty in satisfying us in the matter of the constituencies, or as to the size of the Councils. The devising of a suitable elective body might well be left to the Government, or better still, by way of preliminary to the final judgment of the Government, to a small Commission which could easily be rendered acceptable to the whole community. Happily, there is no scarcity of men in the country, both among the official and non-official classes, abundantly qualified for such a work. I should like to mention the names of half-a-dozen such men chiefly for the purpose of dissipating the fears of those who seem to think we have some revolutionary scheme in view, and not because that they only are competent for such an undertaking. If you were willing to commit the working-out of the practical details of the reform we ask for to the men I wish to name, we ought to hear the last of the reckless

charges that are made against us. The first I have in my mind's eye is that wary, sagacious Scotchman who has just closed a long and honourable career of worthy service among us, Sir Charles Aitchison. The second is an Englishman, no less qualified by experience and by endowment of head and heart for the task, Sir Stuart Bayley. The next is the veteran statesman from the Southern Provinces, Sir Madhava Rao. The next is a Mahommedan of tried legislative ability, from the Bombay side of the peninsula, Budradeen Tyabjee. The next is a gentleman from Bengal whose character and talents have placed him in the front rank of his profession, W. C. Bonnerjee. These five men presided over, and the balance held even between them, by such an one as the Governor of Bombay or Madras would, I believe, produce a scheme which would secure the approval of the Government, allay the fears of the timid, and satisfy the aspiring ones among us for a generation at least.

I fear I have occupied your time to an unreasonable length, but I wish to trespass on your indulgence for a short time longer for the purpose of making a few remarks on the speech of the ex-Viceroy at the Scotch Dinner in Calcutta. All movements of the kind in which we are concerned pass through several phases as they run their course. The first is, one of ridicule. That is followed, as the movement progresses, by one of abuse, which is usually succeeded by partial concession and misapprehension of aim, accompanied by warnings against taking "big jumps into the unknown." The final stage of all is a substantial adoption of the object of the movement with some expression of surprise that it was not adopted before. These various phases overlap each

other, but between the first and last the distinction is complete. Well, we are out and away from the comical aspect of the movement. It has become too serious for that, and we are midway between the abusive and misapprehensive stages. In the speech of our ex-Viceroy we have, as might be expected, none of the coarser instruments of attack—indeed, I find a vein of sympathy with us running through his speech—and we have partial concession, misapprehension regarding some of our demands, and, in consequence, the usual warning voice. The concession I refer to is as regards the separation of the executive and judicial functions. This was one of the ridiculous proposals, one of those school-boy clamours to start with, but the Viceroy now tells us that “this is a counsel of perfection to which we are ready to subscribe.” Allow me to congratulate you upon this concession so frankly and handsomely made. All that we want now is to see the concession of the principle reduced into practice. The misapprehension is contained in the following sentence: “The ideal authoritatively suggested as I understand is the creation of a representative body or bodies, in which the official element shall be in a minority, who shall have what is called the power of the purse, and who through this instrumentality shall be able to bring the British Executive into subjection to their will.” Now, gentlemen, if there be one thing more than another that we have tried to make clear, it is that the British Executive should continue to be paramount in the Councils. We have made it as clear as the English language is capable of expressing thought that the utmost we want is that half of the Councils be elected; the other half to be wholly in the

nomination of the Government. These may be all officials or not, just as the Government pleases; and we have made it equally clear, in addition, that the Government should have the right to veto all adverse votes. Such an arrangement guarantees the supremacy of the Executive under all circumstances, aye, even if their own side vote against them. But, is it to be assumed that the elected members are all to vote adversely? Is it to be supposed that any measure of the Executive will be such as to be condemned by every section of the community? I hope no British Executive will ever take leaps into the dark to lead to such a result. Well, the Viceroy having started upon an assumption that is not only incorrect, but is the very opposite of the fact, it follows that his condemnation does not apply to us at all, but to a fanciful piece of workmanship of which we are not the artists. The Viceroy must necessarily depend largely upon his subordinates for correct information about the details of this and other movements, and it looks to me as if one of those compilers of facts had fallen into some grievous error. The authoritative views of the Congress are to be found in its resolutions, and the resolution about the reform of the Councils is the third one of the first meeting of the Congress three years ago, and that resolution has been the one affirmed at the following meetings. We are in no way bound even by any statement or argument that any speaker may make in supporting that resolution, but I say with the greatest confidence that, neither in the resolution itself nor in the speeches of the gentlemen supporting it, is a word to be found that justifies the "ideal authoritatively suggested." There may be some remarks in letters to newspapers, in

pamphlets, or in speeches made by members of the Congress that give support to the "ideal." I don't know of them, and if I did, I should regret them, just as I might regret any of our members having a hump back; but I should feel no responsibility for either his back or his speech. If we be charged with encouraging "ideals" on such grounds, we may as logically be charged, in the other event, as a Congress for promoting deformed spines! It is annoying to us, no doubt, that our friends, as I take Lord Dufferin to be, should be deceived by imitations of our ticket; but, as we have no Trade Mark Bill to protect our wares, all that we can do is to warn our friends to ask for the real article and to see that they get it.

And now, gentlemen, I wish to say in conclusion, that I have a strong faith that our limited enfranchisement is in the near and not in the distant future. No rational mind can believe that the present system can go on for ever,—that it is the last will and dying testament of Providence regarding us. We are, I trust, the heirs of a better hope. A careful reading of the speeches and writings of our leading officials leads me to believe that they would be glad to see this matter settled; and I do not exclude Sir Auckland Colvin from this category. His objection seems to be to some of the by-play and not to the general drift of the drama. The great difficulty hitherto has been to find the time to deal with the subject. Lord Dufferin had his thoughts too fully occupied with the troubles on the frontier and in Burmah to give adequate attention to this question, which is apparent in the mistake he has fallen into regarding our demands. And I for one regret that it

has not fallen to his lot to add a new lustre to his name and to establish a further claim upon our regard by promoting a measure such as we advocate—a measure which any statesman might well be proud to be the instrument of carrying, for it is one which (while going a long way, if not the whole way, in calming the present agitation) would draw into closer connection the two extreme branches of the Aryan race, the common subjects of the Queen-Empress ; a measure which would unite England and India, not by the hard and brittle bonds of arbitrary rule which may snap in a moment, but by the flexible and more enduring ligaments of common interests promoted, common duties discharged, by means of a common service, chosen with some regard to the principles of representative government.

The Liverpool Reception.

At an entertainment given by the Liverpool Reform Club to Mr. GEORGE YULE, President, and Mr. W. C. BONNERJEE, ex-President, Indian National Congress, the former, in replying to the toast proposed on behalf of the guests, said :—

GENTLEMEN,

My first duty is to thank the President of your Club for asking us to your hospitable board, and for the kind words of welcome he has spoken. I say for myself, and I think I may say on behalf of my fellow-guest, that we most heartily reciprocate the good feelings that have been expressed. I take it we are here to-day because of the part we have played in a movement in India—a movement which, though young in years, has a robustness and vigour of constitution about it that has made its voice to be heard in this far-off island of the Gentiles. That voice has been heard with varying, even opposite feelings. We believe it has been heard by large numbers with a sentiment akin to that which a parent feels on hearing the call of his child—heard with interest and satisfaction, because it betokens a growth, physical and intellectual, which he has been working, watching, and longing for. But it has also been

heard in some quarters with dissatisfaction, if not dismay. I dare say you may have heard the complaints that nurses sometimes make against their youthful charge when these begin to be self-assertive, and to manifest little ways of their own. That self-assertion may be the direct consequence of the nurses' own faithful services, but they do not see it in that light, and their complainings shape themselves into the phrase that children now-a-days are naughty, ungrateful, rebellious things. It is in some such spirit that the cry of the Indian National Congress has been heard by considerable numbers, but I am glad to say not by all, of the official nurses of our young Indian Empire. We are told by them that we are everything that is bad. We are not only ungrateful, but we are seditious, and we have the will—though they thank their stars we have not the power—to be actively rebellious. I need not say to you that all this sort of talk is pure unadulterated nonsense. To my mind it is as natural a result of good governmental nursing that the subjects of it should grow into fuller freedom as that a well-cared-for boy should gradually develop into manhood. More or less earnestly, more or less intelligently, have we been at this nursing business for the last 150 years, and especially since 1858. It was felt that the India Company had not done its duty to the people sufficiently well. It had been too self-seeking, and had neglected to adopt measures to educate and otherwise uplift the people to take their due share in the management of the affairs of their own country. To remedy this was the pretence and, I truly believe, was the lofty object of our statesmen and Parliament, thirty years ago, in taking the government of India into their own hands. Since then all

kinds of knowledge have been sedulously imparted. The arts, philosophy, literature, and the sciences have been diligently taught. We have instilled into the minds of students the best methods of government, and we have not been slow to boast of the old and young glories of the British Constitution. We have told them the manner of its growth, and they are bidden to admire it. Now, is it very wonderful that a desire should be awakened in these apt pupils to follow in the footsteps of their masters; to grow as they have grown, to become useful and great in the world as they have become? I say it is not only a natural, but it is also a commendable wish to cherish, and it is one that should be encouraged rather than repressed. Of one thing I am sure, and that is that if such aspirations be fairly met, we shall draw the teeming millions of India into closer relations with us, and by ties that cannot be broken. If they be resisted unduly, we shall most assuredly nourish a spirit of discontent which will be to our and their disadvantage at all times, and which may become especially manifest to our mutual undoing in periods of adversity and conflict. And now, gentlemen, let me state very briefly what the Indian National Congress aims at on what may be called its political side. Its views are stated in the first resolution of the last meeting of the Congress. I may, however, first say that the Government as at present constituted consists of Provincial Councils and the Supreme Council. These Councils are composed of officials and a few non-official gentlemen, who are, however, nominated and appointed by the Government. We should have a similar state of things in this country if its Government consisted solely of a Cabinet whose members

were all drawn from the different services of the Crown, and were selected by the Queen, and of six or seven gentlemen not in the public service, but who were also selected by the Queen or by the official members of the Cabinet. That would be a counterpart in England of the form of government we have in India, but not altogether so. To complete the picture, we should have to imagine that the Queen of England and her Cabinet were born and resided in an island in the far-off Pacific, and that the Secretary of State, to whom control was given in all matters relating to England, knew nothing of the country up to the date of his appointment except what he might have gleaned from its history by some Pacific Islander—some James Mill—who himself had never been in the country. I leave it to your imagination to conceive what the condition of England would be with all its affairs, in its army, in its taxation, in its police, in its laws, and its education, if directed and controlled by such a Council. Now, I am far from saying that such a rudimentary form of government was not the best possible in the circumstances of 1858. Indeed, I think it was; but it is no less clear to me that so embryotic a state cannot and ought not to go on for ever. There must surely be some limit to its period of gestation and some hopes that it will chip away at its own enclosing shell till it finds deliverance into a fuller and freer life. Now, all the change we want is the enlargement of the Councils to thirty or forty members, and that half of the members be elected, and also that the members should have the right of interpellation. It is extremely unlikely that the whole of the elected members would on any occasion be opposed to

the Government, and we may reasonably assume that the Government would always have a majority of votes to carry any measure it pleased; but in case such an event—I mean a defeat—were to occur, we are willing that the Governor-General should have the right to veto all adverse votes, and that his veto should continue until the House of Commons determined otherwise. We are sensible that for a long time the power of making and changing laws must lie with the Government. The real and only mission of the reformed Councils we propose is one of independent criticism. We are desirous of helping to make good laws by subjecting the proposals of Government to the criticisms of those who would be affected by their operation. “A good law is a law for which good reasons can be given” is a dictum of Bentham, and if it be true, as I think it is, we would hope that the Government would not pass laws which were demonstrated to be bad. Now, as I have said, the change, humble as it is, has been strongly objected to, especially by the old type of Indian officials. Their idea of government finds expression in the remark, “India was won by the sword, and must be kept by the sword.” Concession to the smallest extent is objectionable. Even the presence of nominated non-official members in the Councils is regarded as the thin end of the wedge. The Municipal Bill of Lord Ripon, which gives the people a partial control of their own dust-bins, is railed at. The employment of Indians, except in the humblest posts, is opposed by them; and, recognizing that the higher education now imparted encourages the people to look for some privileges and some power, they desire to suppress higher education, and to limit our efforts in that direction to the three R’s. They say we

are in India for one purpose, for our own material good. To pretend anything else is hypocrisy, and any conflict between the interests of the people of India and our own must be settled in only one way—their interests must go to the wall. All demands and all agitations for alterations in the laws which the Council is pleased to pass should, in their opinion, be suppressed, and all agitators—Indian or English—should be deported from the country. It is a stiff bill of despotic fare on which the country is to be fed, and for evermore. I ought, however, to say that, although I have heard such views frequently expressed, it has been by officials in subordinate positions, and by the Hotspurs of private life. Neither our Queen, nor Parliament, nor Viceroy, nor any of the officials of the first rank, has given utterance to such thoughts, and I am happy in the belief that the upholders of what they are pleased to call a benevolent despotism are diminishing in number and influence. Then we have objectors on other grounds. One set asks us what guarantee we have that any influence given to the people of India may not be used, say, to further Russian objects in the conquest of the country. The guarantee we have is that human nature will have first to be upset and reconstructed on totally different lines. When men seek to be wise in order to do foolish things; when they search after happiness to be miserable; when they cherish the virtues to become dissolute, it will be time enough to conclude that we want the free institutions of England to help us to make Russian serfs of ourselves. Once more; it is asserted that our object is to get hold of the public purse-strings, and thereby to bring the Government into subjection to our wills. Well, I am not prepared to admit that that would be an ignoble

desire. If it be good to hold our private purse-strings, I see no baseness in the public desiring to hold the public purse-strings. That objection proceeds mostly from those who participate in the £6,000,000 paid under the head of "non-effective service." I may say, however, that we do not ask to hold the purse-strings but only that those who do so shall be under the obligation to tell us what is put in, and what is taken out, and their reasons for doing so, and to give us the opportunity of discussing these reasons with them. Then another set tells us that we in India have no experience in working representative institutions, and therefore we are not qualified to work them. Supposing the statement to be true, which it is not, it amounts to this—You are not qualified because you have no experience, and you shall have no experience, so that you cannot become qualified. Again, we are told that we have not the men capable of doing any efficient work in the Councils. I will not attempt myself to answer that objection, but I will let another do it. Here is a sentence from Lord Dufferin's Jubilee speech, which does it for me:—"Education has done its work, and we are surrounded on all sides by Native gentlemen of great attainments and intelligence, from whose hearty, loyal, and effective co-operation we may hope to derive the greatest benefit." The only fault I have to the answer is its limitation to Native gentlemen. There are many Englishmen in the country to choose from, whose services could also be usefully availed of. Lastly, it is said that we ought to be satisfied with and proud of the fact that we are members of an empire on which the sun never sets. We are thus invited to look upon the Indian Government as if it were some magnificent natural phenomenon, like the Falls

of Niagara, in the presence of which all our grievances and all kindred considerations are to be hushed, and we are left simply to wonder and admire. Length and breadth are all important factors in geometry, but they are not everything in the affairs of mankind. Quality counts for something; and proud and satisfied should we in India be if we could add our voices to those in other parts of Her Majesty's dominions, and say that we are members of an empire on which not only the sun never sets, but also of an empire on which the Sun of Righteousness and growing freedom for ever shines.

Luncheon to Sir W. Wedderburn.

At the National Liberal Club, on December 6th, 1889, Mr. George Yule, ex-President of the Congress, entertained Sir William Wedderburn, Bart., and nearly seventy friends at luncheon. Amongst the gentlemen present were :—Sir W. Wedderburn, Bart.; Sir W. Lawson, Bart., M.P.; Sir W. W. Hunter, K.C.S.I.; Sir G. Birdwood, K.C.I.E., C.S.I.; Sir John Phear, Kt.; W. S. Caine, M.P.; Justin McCarthy, M.P.; J. A. Picton, M.P.; Captain Verney, R.N., M.P.; T. R. Buchanan, M.P.; E. H. Pickersgill, B.A., M.P.; A. C. Morton, M.P.; Dr. Clark, M.P.; Dr. Congreve; Mr. Justice Birdwood; Frederic Harrison; Albert Spicer; William Digby, C.I.E.; St. George Lane Fox; J. Dacosta; T. Pollen, LL.D.; J. C. Jehanghir; H. W. Massingham; R. Gowing; Dadabhai Naoroji; R. M. Knox; W. Martin Wood; Jamsetjee N. Tata; J. C. Heald; F. Pincott; T. Allen Reed; Rev. Dr. Clifford; J. Nunneley; James Samuelson; S. Digby; J. Carvell Williams; P. W. Clayden; A. Paul; S. A. Chalk; J. D. O'Flynn; T. Coote, junr.; G. J. Holyoake; Edward Evans, junr.; T. H. Chance; W. H. Talbot; J. R. Seager; Ronald Smith; Donald Murray.

On the removal of the cloth,

The CHAIRMAN said: Although I am glad to see so many here who have responded to my invitation, yet I regret to say there are a great many gentlemen who would have kept you company, had it not been for circumstances over which they apparently had no control. I have a considerable number of names here, but I will only mention two or three of them. The first is the Marquis of Ripon. (Cheers.) You would also have been favoured with the company of Mr. Morley if he had not been in Scotland—(cheers)—and of Professor Stuart, and a number of other gentlemen. I have some letters of apology for not being present, some of which I will read to you for the reason that they make some reference to my chief guest on this occasion. (Cheers.) The first is from one of the grandest old men in England—(cheers)—that is Professor Francis Newman. (Cheers.) After an introductory sentence, he says: "I suppose Sir William Wedderburn to be the son of the honoured Sir David Wedderburn, and in any case I rejoice that he is proceeding to India as chairman of the forthcoming Congress. (Cheers.) Naturally, I interpret your invitation to aid in wishing him God-speed as a distinction to myself, but, when I inform you that my age is past eighty-four years, you will not wonder I cannot easily gain permission to meet the uncertainties of the present inclement season."

The following letters have also been received:

Lord Hobhouse:—"I am very much obliged to you for giving me the opportunity of paying my respects to Sir William Wedderburn, and I should be very glad to do so, if it were not that the Judicial Committee will be sitting till near Christmas, and I must attend on Fridays up to 4 p.m. Please give

my regards and best wishes to him, and accept the same yourself."

Sir George Trevelyan, Bart., M.P. :—"I am sorry to say I shall be in the North of England on the 6th December, and unable to testify to my great admiration for Sir William Wedderburn."

The Right Hon. J. Stansfeld, M.P. :—"I regret much that engagements in Yorkshire on December 6th prevent my accepting your invitation to luncheon at the National Liberal Club. I am sure that Sir W. Wedderburn is interesting himself in a good and, I hope, a great work; and, although unavoidably absent, I wish him the success which his disinterested and enlightened enthusiasm deserves."

Mr. H. J. Gladstone, M.P. :—"I much regret that it will not be in my power to be present at the luncheon on Dec. 6th. I should have been very glad of such an opportunity to congratulate Sir W. Wedderburn upon the important mission which he has undertaken, and I sincerely trust that his efforts will go far to promote kindly feelings between the peoples of India and the British nation. The frank recognition of legitimate claims put forward by native leaders of opinion in an equitable and loyal spirit, will, without doubt, be the surest guarantee for the increased strength and stability of the Government of India. Holding this view I now beg to join most heartily in all good wishes for Sir William's prosperity and success."

Mr. T. Burt, M.P. :—"I thank you for yours of the 18th inst. I am sorry that I am not likely to be in London on Dec. 6th., or it would be a real pleasure to be present at the proposed

luncheon to Sir W. Wedderburn, who is worthy of every honour that his friends can render to him."

Mr. John Leng, M.P.:—"I regret that I cannot be in London on the 6th of December, otherwise I should have had much pleasure in being present at the luncheon to Sir William Wedderburn, with whose mission to India I strongly sympathize."

Mr. R. W. Hanbury, M.P.:—"I regret that another engagement for December 6th prevents me from accepting your kind invitation for that day."

Mr. A. G. Symonds, Secretary, National Reform Union:—"I am very sorry that I shall not be able to join you at the National Liberal Club at the luncheon on December 6th in honour of Sir W. Wedderburn. I should have been glad to be able to do him that honour, and to shew my sympathy with the cause of Indian Reform, in which I take a deep interest."

Sir William Markby writes:—"I very much regret that I find myself unavoidably prevented from fulfilling my engagement on Friday next to lunch with you to meet Sir William Wedderburn. I fear I must plead guilty to having been a little hasty in accepting your kind invitation, but I very much wished to accept it. But everything has turned out unfortunately for me, and I find it impossible for me to get away from Oxford for the whole day, as would be necessary if I were to keep my engagement with you. I am therefore compelled to write you to excuse me, and I can only again repeat how very sorry I am."

At the last moment Mr. Walter S. B. McLaren, M.P., wrote from Crewe:—"I deeply regret that I cannot be at the lunch

to-morrow, in honour of Sir W. Wedderburn, as I am detained in the North on business. He has, however, my sincere good wishes in his journey. Please convey my regrets to Mr. Yule."

[Letters of regret were also received from Mr. T. P. O'Connor, M.P., Mr. A. J. Williams, M.P., Mr. J. T. Brunner, M.P., Mr. A. Jacoby, M.P., Mr. R. Causton, M.P., Mr. W. A. McArthur, M.P., Mr. J. Seymour Keay, M.P., Mr. H. Broadhurst, M.P., Mr. R. Chamberlain, M.P., Mr. John A. Bright, M.P., Mr. H. L. W. Lawson, M.P., Professor Stuart, M.P., Mr. S. Smith, M.P., Mr. Theodore Fry, M.P., Mr. J. E. Ellis, M.P., and many others.]

Now, I have to propose the toast of "The Queen." I recollect in one of the interesting letters which my friend Mr. Caine addressed from India last winter, he made a remark about the demonstrations of loyalty which he had seen, to the effect that he thought them a trifle overdone. (Hear, hear.) Now, if I were to say all I think and feel in commending the toast of "The Queen" to your acceptance, I fear I should lay myself open to a similar criticism. I shall, therefore, limit myself to the single observation that in Queen Victoria we have far and away the best monarch that ever sat on the British throne. (Cheers.) Gentlemen, I give you "The Queen."

The Toast was duly honoured.

The CHAIRMAN: You will see, gentlemen, that our little entertainment this afternoon is not burdened with the usual variety of toasts and topics of speech-making; but I have ventured upon the one in addition to that of the Queen, which is set forth in the menu before you. My object in issuing the invita-

tions to which you have so courteously responded was to take leave of Sir William Wedderburn on his departure for India to take the chair at the forthcoming meeting of the Indian National Congress—(cheers)—and it seemed to me that it would be scarcely fitting to allow him to depart with merely our silent good wishes. Sir William goes out, as I have said, to take the chair at the National Congress. It has been the aim of the leaders of that movement to make it as catholic in all its arrangements as was possible, and, accordingly, at the first meeting we had a Hindoo for our President; at the second a Parsee presided; at the third a Mahommedan; at the fourth a European non-official; and now, in Sir William Wedderburn, we have a good example of the official element for our fifth President. (Cheers.) While our movement is one with no class purpose in view, it is also one with no party character about it, either in its procedure or in its objects. (Cheers.) And I am glad to be able to say that we have warm supporters of it drawn from all the parties into which the political life of England is divided. We have, for example, Sir Richard Garth, the ex-Chief Justice of Bengal—(cheers)—who is an excellent specimen of the good old Tory, on the one hand; we have Mr. Bradlaugh—(cheers)—who is regarded as a good example of advanced Liberalism, on the other; and between those two we have the moderate men, of whom Sir William Hunter may be taken as a type. If some of our kindly critics, in view of such a declaration, tell us that we are evidently neither fish, flesh, fowl, nor good red-herring, I would gladly own the soft impeachment, and add that, as we are none of these things in this matter, we do not wish to become any of them. (Laughter.) You have heard of the answer given by a countryman when he was asked which party

he belonged to; he said he didn't know, he only knew that he was "agin the Government." (Laughter.) Well, we are not even agin the Government. Our attitude towards it, to compare great things with small, is similar to that which a growing youth holds towards his boot-maker. The last on which our laws have been made for the past thirty years has suited its purpose pretty well on the whole, thanks to the general excellence of our Civil Service, but latterly we have felt the fit to be rather tight, and we ask the Government, our legislative boot-maker, to make its last a little bigger to suit our grown and still growing feet. (Cheers.) And up to the present time, at all events, we have no reason for assuming that the Government will be foolish enough to say, as many Governments in many countries in the long weary past have said to their own undoing, in answer to such request: "No, sirs, your feet must be made to suit our last, and not our last to your feet." The Bill which Mr. Bradlaugh purposes introducing into the House of Commons next Session will, however, serve to dispel any doubt that there may be on that point. But, in the meantime, I consider that we are outside the ring of English party politics, and our cause is certainly one that can be supported by all classes of politicians without sacrificing to the smallest extent the principles by which any of them is professedly guided. If we were to search the country from north to south, from east to west, I imagine we should have a difficulty in finding a single politician who would assert that on principle he is opposed to any section of the people of a country having anything to do with the framing of their own laws. A House of Commons is as essential a feature in the creed of a Conservative as it is in that of a

Liberal. Now, what we are asking for comes far within the limits of such a confession of faith. We do not ask for a House of Commons or anything like it; we do not seek for a paramount or controlling power in the Councils to shape the policy of the Government, but only that we should have better opportunities than we now have of expressing our views upon the merits, it may be the demerits, of that policy—(cheers)—and any service we can render in that way we wish to be as effective as the circumstances will admit. We wish on our side to have fuller opportunities of ascertaining the objects and the motives of the Government in pursuing any given course, and we believe that that will be better achieved by means of Councils that are partially elected than by Councils consisting wholly of officials and their nominees. (Cheers.) And we further wish that the Government on its side may be placed in the position of making good and suitable laws for the country through a fuller knowledge of the wants of the people, and we believe that that knowledge would be more full and more exact, if the non-official members of Council were sent up to them by the various interests in the country, than by the Government itself picking out here and there men who, in some cases, if not in many cases, become mere instruments for promoting the preconceived notions and intentions of the Government. It is difficult for men, even of the right sort, when they get the broad arrow of official approval stamped upon them, not to feel that they belong to the set, and to trim their views to suit the set; and as to the ordinary man, he very quickly falls under the glamour of his surroundings, and his chief concern is to be pleasant and acceptable to the powers that

be. (Cheers.) An amusing instance of this is told of one of these councillors. He was a rajah, I believe, a man of large means and wide possessions, and otherwise cut a considerable figure in the district whose interests he was supposed to represent. But he did not understand English, and he was asked how in that case he managed to get along. He replied, "Oh, I get along very well; it is no trouble. I sit and I listen, and I watch for the business coming to a vote; and when his Honour holds up his thumb, I hold up my thumb—(laughter)—and when he puts his thumb down, I put my thumb down." (Renewed laughter.) That, however, may be regarded as rather an exceptional case, and I quite believe that the men who are selected are on the whole capable and efficient, and, but for the broad arrow, would be fairly independent; and some of them are so good—such as Robert Steel, of Calcutta, and Forbes Adams, of Bombay—that I have no doubt they would be elected by those whose interests they are supposed to serve under the nominated system. But, looking at what human nature is, it is impossible that a body of men appointed in the present way, can have the kind of independence which is so necessary to the best performance, that it would have if its members were directly chosen by those whom they are intended to represent. But it has been said that since we do not ask for any real determining power in the Council, and as the Government would continue to be able to pass such measures as it pleases, more palaver in the Councils would be the only result of the change. I am not so sure of that; indeed, I do not think so. I have formed a higher estimate of the character of our leading officials, than such an opinion on the part of their

would-be supporters would seem to imply that they have formed. If we could shew them a better way, or a more acceptable way of reaching the same end, I do not think that out of sheer perversity they would stick to their own methods. That, however, is a view of their character which may well be left to be settled between the parties themselves. That there would be more talk and a good deal of it useless, I have no doubt. That is unfortunately a characteristic of all representative bodies, from the parish vestry up to the (shall I say the word in the presence of so many members?) House of Commons. (Laughter.) That, however, does not outweigh—indeed, it is very far from outweighing—the numerous advantages of the representative system. (Hear, hear.) I shall content myself with mentioning one practical good out of many that might be stated, which would follow the adoption of the reform we advocate. You are aware that we have a Store Department in India. (Hear, hear.) In connection with it there is an uncertain number of millions spent annually. The accounts do not shew how much, but I believe it to be about five millions a year. It is a department which is strictly guarded against the prying eyes of non-officials, and we are consequently not in a position to prove the common belief that it is very badly managed. But occasionally facts crop up and rumours get about that shew the necessity for its being thoroughly overhauled and constantly watched. At present the department is subject to no kind of check whatever in India; and in England I fear that upon inquiry it would be shewn that we are left to the tender mercies of a number of underpaid buyers. But, be that as it may, those stores are purchased

on our account ; they are paid for with our money and yet all opportunity of testing whether we get value for our money is disallowed. (" Shame ! ") The position that the law, under which the Government acts, holds towards us in this matter is no less a horror to the mercantile than it is to the legal mind, namely, that of an agent who claims to be irresponsible to his principal. The unsatisfactory state of the department is so generally admitted and accepted that I believe one of the first endeavours of the reformed Councils would be the appointment of a standing committee of their own members to check the prices and qualities of the stores that may be supplied to us in the future. The elected members, some of whom would be merchants and traders, would certainly press for such a committee, and I do not see how the Government could refuse their assent to its appointment. That alone would more than atone for the usual superfluity of talk. The reform, gentlemen, we suggest is a small thing to grant, as it is a small thing to demand, and my regret is that the Government is itself encouraging—greatly encouraging—if it would look at the matter in the proper light, a wide, a growing, and, if you like, an unsettling, agitation in the country, by not promptly conceding the very moderate demands we are making. Timely concession to the reasonable wishes of a people always leads to a warmer appreciation of the Government by the people, and it is because I wish to see the existing sentiment of loyalty in the country strengthened and made more secure, that I hope the main object of the Congress, the expansion of the legislative Councils upon

a partially elective basis, may be speedily and favourably considered by Parliament. (Cheers.) Now, one word more before sitting down. I daresay you have occasionally seen letters in the papers, and especially telegraphic communications, from "our own correspondents," about the doings of this Congress and its members. I cannot compliment the gentlemen who write these letters upon their inventive genius, for I observe that they generally have some foundation for what they say; but they have a remarkable faculty for twisting, distorting, and otherwise dressing up the facts, so as to be beyond the recognition of those to whom they owe their existence. I wish to give you a word of warning after the manner that a celebrated character gave advice to his son—I do not mean Lord Chesterfield—(laughter)—I mean a more celebrated character, or at all events a better known character, Mr. Weller. (Renewed laughter.) From experience and observation he was able to give this caution, "Samivel, beware of vidders." I say to you, gentlemen, beware of "our own correspondent." And now, gentlemen, I have to propose the toast "Sir William Wedderburn." It is our wish, Sir, that you may have a pleasant passage to India, a successful meeting, and a happy return to the old country. (Loud cheers.) Before calling upon Sir W. Wedderburn I should like to say that, although you see in the toast list there is no provision for additional speeches, after Sir William has finished, if any friend here wishes to say anything, or ask any questions concerning the Congress, the opportunity of doing so will be given. (Cheers.)

APPENDIX.

The Currency Question.

The following Note by MR. GEORGE YULE on the above question was presented to the Meeting of the Bengal Chamber of Commerce held on the 29th October, 1886.

I TRUST I shall be excused in drawing the attention of the Members of the Chamber to the subject that is to be considered at the Meeting to be held on 29th instant. We are summoned to decide what steps, if any, should be taken to represent the views of the Chamber before the Royal Commission that has been appointed to inquire into the question of the currency. My purpose in this paper is not to enter upon any of the theoretic aspects of the question. These are to be found in a satisfactory form in the works of our great economists from Locke to Giffin on the one side, and in those of Walker, Sedgewick, and Laveleye on the other; and in a form not at all satisfactory in the flood of letters and editorials that has swamped the newspaper columns for the past three years. The swarm of currency doctors that has arisen during the past decade, each to shew there is a serious currency disease, and that his remedy is the best and all others bad, has apparently settled down on the hive of bimetallism whence to challenge and impugn the conclusions of the old economists. All discussion of the theory of currency is consequently narrowed to the special views set forth under the designations of Mono-metallism and Bi-metallism. Outside the class of men I have named—I mean those who have given much time, thought, and reading to the subject—the mass of disputants appears to be followers of the one school or the other, according as their own interests are affected by changes in the relative value of silver and gold. If a man has an income here which he wishes to remit in whole or in part to England, the chances are largely in favour of his being a bimetallist. A law to induce or enforce, or that will have

the effect of inducing or enforcing, the exchange of ten rupees for a sovereign is regarded as a righteous one; and, on the contrary, those who have balances to receive in England for remittance to India, naturally prefer to get 14 rupees for a sovereign; and it may be safely inferred that those mainly belong to the opposite party, whose special doctrine is that there should be no legislative fixing of value at all. No doubt the latter is the more important interest in India; for after all balances of the kind are adjusted through the medium of commodities and bills, there is a large amount of the precious metals shipped to India every year to pay the difference that appears to be invariably in favour of India. It has been asserted in some quarters that the effects of exchange are limited to the difference in value of the balance that may be so paid. But that the question is not generally considered to be of this narrow character is pretty clear from the fact that the agitation is of wide extent. A million or two a year in the value of the precious metals sent to India is not enough to call forth a Royal Commission to inquire into the currency. Nor is it sufficient to account for the appealing despatches of our Government to the Secretary of State to do something to save the country from grave financial peril. We have the authority of the Indian Silver Association that the state of the currency is spreading disaster over the country, depressing trade, destroying credit, promoting socialism which is to end in revolution. But, while bimetallism in India is recording these direful disasters that are befalling India, I find the burden of the complaint of bimetallists elsewhere is, that India and the East generally are becoming unduly prosperous. I will assume that the question is not one limited by the balance of trade between India and other countries, and that it does largely affect the condition of the country in all its material interests. At the same time it appears to me that there is much exaggeration in the terms frequently employed to describe the effects so produced, and I prefer to look at the question under the more moderate aspect of its being advantageous or disadvantageous. Putting aside, then, all reference to the theory of currency I come at once to what is intended to be a practical treatment of the question: Is a low exchange beneficial to India? Our decision at the meeting will, no doubt, be influenced by the view the members may take of that question. My answer is in the affirmative. I have come to that conclusion, among other reasons, from a careful examination of the tests by which the progress of a country is usually gauged. Happily we are sufficiently advanced in India as to have a large number of these tests in the information that is supplied in the excellent administration reports of

the different departments of Government. We have not the advantage to be obtained in this respect by a Poor Law to indicate the condition of the lowest stratum of the community, nor a clearing house in banking to shew the extent of the transactions of a country; but we have all the other instruments that an old and highly specialized country like England possesses for such a purpose. There are the exports and imports, the shipping employed in carrying these; the working of internal means of communication by land and water; the outcome of excise and customs duties; the returns of telegraph and postal communication and those of savings banks, and the credit of the country as evidenced by the rate of interest on its borrowings. If it be found that all available tests combine in indicating progress during a period of falling exchange, it must, I think, be admitted that, whatever inconvenience may arise to certain sections of the community, the country at large has not suffered from such a cause, or else that the fall has acted with so little potency that it has not retarded the advancement of the country's interests, in which case it is not worth while agitating for the application of a brake where there is no retrogression to be checked. On the other hand, if the progress is in part due to the stimulus of a low exchange, an agitation for the purpose of raising exchange becomes positively pernicious.

The period over which I shall state the facts setting forth the material condition of the country will be within 1873, when silver began to fall, and the date of the latest official returns:

In 1873 the Exports were	...	...	...	£57,000,000
In 1884-5 they were	...	...	...	85,000,000
The Imports were in—				
1873...	...	...	...	40,000,000
1884-5	...	...	...	66,000,000

And during the first five months of the current financial year, the figures shew an unwonted expansion of trade.

Last year the Exports were	...	...	...	£33,434,000
This year	...	...	...	36,743,000
And the Imports—				
Last year	...	...	...	19,629,000
This year	...	...	...	23,320,000

and this immense increase becomes more marked if the leading articles be compared.

Imports—Grey piece goods—

Last year...	...	...	...	413,600,000 yards.
This year...	...	...	...	576,773,000 "

Imports—White piece goods—

Last year...	...	...	...	107,207,000	years
This year...	...	...	...	161,841,000	„

Imports—Coloured piece goods—

Last year...	...	...	...	115,464,000	„
This year...	...	...	...	177,206,000	„

The Exports during the same periods
were of Wheat—

Last year...	...	...	...	9,601,000	cwts.
This year...	...	...	...	12,820,000	„

Twist and yarn—

Last year...	...	...	...	33,439,000	lbs.
This year...	...	...	...	42,686,000	„

The Shipping employed in our sea-
borne trade was in—

1873-4	...	...	...	...	4,468,000 tons.
1884-5	...	...	...	...	6,600,000 „

And the Interportal trade of the
country employed in—

1873-4	...	...	...	...	10,379,000 tons.
1882-3	...	...	...	...	17,057,000 „

Coming to Railways the facts are,

Lines open—

1875-6	...	...	...	...	6,083 miles.
1885	...	...	...	...	12,207 „

Gross earnings—

1875-6	...	...	...	...	£ 6,071,000
1885	...	...	...	...	17,880,000

Net earnings—

1875-6	...	...	...	...	2,556,000
1885	...	...	...	...	9,110,000

Passengers carried in—

1873	...	...	...	...	22,251,000
1884	...	...	...	...	70,770,000

The loss on guaranteed railways in 1873 was £1,428,000. In 1885 there was a profit of £314,000, a difference of £1,800,000 to the good.

The revenue of Government Canals was in—

1875-6	...	...	...	...	£ 569,385
1884-5	...	...	...	...	1,540,000

The information I have about the Post Office is scanty. I applied last week at the head office for the administration reports, but I was

referred to the Administrator-General, who is at Simla, and all I can state is, that the letters passed through the Post Office were in—

1873-4	...	...	...	...	109,000,000
1882-3	...	...	...	...	187,000,000

Money Orders—

1883-4	...	...	...	...	£ 91,500
1884-5	...	...	...	...	104,000

Telegraph Messages—

1883-4	...	...	...	...	401,900
1884-5	...	...	...	...	461,800

Sale of Postage Stamps—

1883-4	...	...	...	...	651,800
1884-5	...	...	...	...	680,300

Savings Banks: The leading facts about them are—

		Depositors.		Amount.
1877-8	...	83,518	...	£ 1,925,000
1884-5	...	120,000	...	3,558,000

The Total Revenue of the country was in—

1873-4	...	...	...	...	57,050,000
1885-6	...	...	...	...	72,027,000

Excluding the Income from Public Works the figures are—

1873-4	...	...	...	...	47,000,000
1885-6	...	...	...	...	52,000,000

showing an increase of £5,000,000, notwithstanding that £3,000,000 of taxes were repealed. All the items show an increase. The land revenue was in—

1872-3	£21,375,000
1885-6	22,334,000

And it is estimated to produce in—

1886-7	22,800,000
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Stamps: The income from these was in—

1875-6	2,830,000
1885-6	3,655,000

Excise: Under this head the revenue was in—

1875-6	...	...	...	...	2,944,000
1885-6	...	...	...	...	4,119,000

Two facts are incidentally mentioned that bear testimony to the

improvement of the condition of the people. The one is, that there is a reduction of £95,000 under Law and Justice, which is partly accounted for by a *lower convict population*; and the other is, that the land-revenue is more easily collected. An instance is given of a district where the normal arrears amounted to 75 lakhs, but are now only 45 lakhs.

The Financial Credit of the country stands thus:—Ten years ago the average rate of borrowings was about $4\frac{1}{2}$ per cent. It is now a little more than 3 per cent., with the result that, owing partly to conversions of the older loans, the sum of interest paid annually is not increased, although there has been an addition of £50,000,000 to the capital of the debt.

If these facts shew that the country is not on the road to ruin as the Indian Silver Association declares it to be, but is really advancing at a remarkable pace, there remains the question, To what is the progress due? Mr. Molesworth, who is at the head of the bimetallists in this country, says that any increase of the trade is due solely to railways, and in no degree to lower rates of exchange. Sir Auckland Colvin attributes it to lower rates of freight, cheaper railway carriage, and, in a minor degree, to lower rates of exchange. The American Bimetallic Association admit the great progress that India is making, and attribute it solely to the low price of silver. With a frankness equal to their intelligence, the American Associations state that their object in agitating for bimetallism on the old basis is—1st, to encourage their silver industry; and 2nd, to destroy the competition that India is successfully waging with American produce in the European markets. Mr. Morton Frewen, who is the exponent of American Bimetallism in England, enforced this view with remarkable candour at the last Annual Meeting of the International Monetary Standard Association, held in London, on 22nd January last. "If the price of silver again rose to sixty pence," he said, "every cotton mill in India would be closed, and her wheat land would be thrown out of cultivation." There may be some platform colouring in this sweeping statement, although it does not appear to have been made without full consideration, for Mr. Frewen expresses similar views at the Congress of Chambers of Commerce in the following July. Mr. Hucks Gibbs, the President of Bimetallists in England, said at this meeting that low exchange was an enormous benefit to Indian commerce at the expense of its rivals, and he thinks that, by this prosperity of India, the unity of the interests of the Empire is broken, and therefore he wishes to restore the value of silver, which would check India and help the Colonies and America.

Mr. Firth, one of the Vice-Presidents of the same Association, avowed in reply to Mr. Bythel of the Bombay Chamber of Commerce and Mr. Adamson of Singapore, that "he was not surprised that those who stand here as connected with the trade of India should argue as they do in their consideration for the interests of that country. He should do the same if he was in their position." Mr. Bythel's and Mr. Adamson's argument was, that a low price for silver had been of great advantage to India.

Taking these differing opinions for what they are worth, I shall shew, by means of an account, to what extent and in what manner exchange affects the result of a commercial transaction. I agree with Sir Auckland Colvin that a low exchange is only one of the elements that has favourably influenced Indian commerce, and that there are others, such as lower freights and railway transport to be taken into consideration; but I differ with him as to the proportions of the effects of these. Lower freights, cheaper transit, and other charges, and lower rates of exchange have all the same *kind* of effect in a transaction, and in the proportion that the saving on each bears to the sum of the whole cost. The account will shew what these proportions are.

COST AND CHARGES FOR 100 TONS WHEAT IN CAWNPORE AT 20½ SEERS PER RUPEE (BEING THE AVERAGE RATE OF WHEAT RULING IN CAWNPORE DURING THE PAST 6½ YEARS), EQUIVALENT TO RS 2-0-3 PIES PER MAUND OF GOLA WEIGHT, OR 41½ SEERS, AND LAID DOWN AT STATION PACKED FOR SHIPMENT:—

	Rs	As	P	Rs	As	P
Cost of 100 tons equal 2,730 maunds						
Wheat at Rs. 2-0-2 p. md. . . .	5,502	10	6			
Brokerage, weighing and other petty charges at Rs. 8-4-1 per 100 maunds	226	6	0	5,728	0	6
Deduct difference between Cawnpore Gola weight and Calcutta Bazer weight at Rs. 6-4-9 per 100 maunds	....	..	..	171	14	
Railway freight to Howrah at Rs. 54 per 100 maunds	1,474	3	3	5,556	2	0
Calcutta Brokerage, boat-hire, &c., at Rs. 5 per 100 maunds	136	8	8	1,610	11	3
Total Rs. . .	....	..	..	7,166	13	3

Averaging Rs. 2-10-0 per maund f. o. b.

ACCOUNT SALE OF 100 TONS WHEAT SOLD EX SHIP IN LONDON.

	£	s.	d.	£	s.	d.
100 Tons = 455-74 qrs. Cawnpore						
Wheat at 31s. per qr. . . . .	....	..	..	706	7	11
CHARGES.						
Freight on 100 Tons at 27s. 6d. . .	137	10	0			
Loss in weight, 2 per cent.	14	2	7			
Brokerage, $\frac{1}{2}$ per cent.	3	10	8			
Discount, 2 per cent.	14	2	6			
				169	5	9
Total £ . . . . .	....	..	..	537	2	2

Remitted at ex. 2-0, 1-10, 1-8, 1-6, 1-4,

Rs. 5,371-1-4, 5,859-5-10, 6,445-4-9, 7,161-7-1, 8,056-10-0

Deducting from these figures the expenses incurred in bringing the wheat to Calcutta, we shall have the amount left for the grower as against the present cost of Rs. 5,502-10-6. These expenses are Rs. 226-6-0, and Rs. 1,610-11-3 equal Rs. 1,836-1-3, less Rs. 171-14-6.

Equal to— 1,664-2-9, 1,664-2-9, 1,664-2-9, 1,664-2-9, 1,664-2-9

Rs. 3,706-14-7, 4,195-3-1, 478-2-0, 5,497-4-4, 6,392-7-3

Now, this account has to be but magnified to embrace the whole possible exports of India, to shew the full extent of the advantage that accrues from low charges and a low exchange. America, Canada, and Russia have the advantage of lower transit charges. India has at the present time the advantage of a low exchange, and an analysis of the account will shew that, apart from a low price for silver, India would be unable to compete on equal terms with those countries in European markets.

The common objection taken to the inference I draw from the results of such an account as this is, that it makes no difference whether 8,000 rupees worth 1s. 4d. be paid or 5,300 worth 2s. To which a sufficient reply is that, if there be no difference, the agitation to raise the sterling price of a rupee is a fruitless one. A truer reply, however,

is that the choice, as far as India is concerned, is between Rs. 8,000 at rs. 4d., and none at all that is worth 2s. . It has to be borne in mind that all the outlay in connection with production in India is in rupees, or in what is measurable by rupees, and that, if the rupees received are fewer than the number paid away, the production will cease. The land will be thrown out of cultivation, and Mr. Frewen's joyful hopes will be realized. But out of this Pandora's box will rush evils that appear to be undreamt of. In respect of such land the Government and the Zemindar will get no rent, the labourer no wages, jute mills no custom for bags, the railway no freight, brokers no commissions, merchants no profits, ships no cargo; the English operative will pay more for his bread, and he will have no custom for his fabrics.

Another objection that is raised is in connection with the economic law that the market price is ultimately determined by the cost of production; and it is said, if it costs the Indian producer more rupees to bring his produce to the market, it will be made up by the higher price paid to him. There is no law in the whole circle of the science more true, and none that has been so travestied in its application. I forbear the theoretic reply, but the objector, if he believes the law to be true as he states and applies it, can test it practically. He can produce wheat in a costly way, pay double freight and draw at 2s. exchange, and find out for himself if a higher price for his wheat is obtainable because it costs more.

Before concluding I have something to say about this so-called "loss by exchange" that has given our Government so much concern.

From what I have said it may be inferred that the phrase hardly expresses the fact. There is the cost of exchange as there is the cost of a fertilizer in the books of a farmer. There may be a loss, but only to the extent that the value of the additional crops falls short of the cost of the manure. As a direct consequence of the fall in exchange the Government income seems to me to have swelled to an amount to cover at least the outlay. The growing revenue from land, from customs and excise, and the rapidly increasing profits from railways and canals appear to me to be clearly traceable to the stimulating effects of a low exchange. But the cost is really not so large as one would suppose it to be. To a considerable extent it is merely a book-keeping entry. Take by way of example the last loan in England for £3,000,000. With the amount thus borrowed, Rs. 40,000,000 could have been bought; but the entry in the books is only Rs. 30,000,000, and when the time comes to pay the loan off, any sum paid in excess of Rs. 30,000,000 will appear as loss by exchange. The interest paid half-yearly on the loan is

treated in the same way. The Government buys a rupee for rs. 5d., and if it only gets that back for it and not 2s., there is a loss of 7d. recorded. The form of the entry is in itself a matter of no moment, but I have observed that the Government and bimetallists sometimes make a bigger ogre of it than it really is.

The impecuniosity of the Government arises from other causes than exchange. Take two periods of expenditure, say 1880 and 1886, and eliminate exchange altogether from the accounts, and it will be seen whence the real deficiency comes—

Expenditure—1879-80.	1885-86.
£60,943,000	£76,225,000
3,246,000 loss by exchange	4,400,000
<hr/>	<hr/>
57,697,000	£71,825,000
14,128,000 increase apart from exchange.	<hr/>
<hr/>	
£71,825,000	

The so-called loss by exchange has grown £1,200,000 in five years, but other expenditure has grown twelve times faster. There is danger that the Government, by brooding too much over the cost of the fertilizer, may become careless of outlay that is not so clearly reproductive.

I have to apologize for the length to which these observations have extended, but I hope they may not be without their use, even if they be considered fallacious, in shaping the procedure at the meeting on Friday. To further that purpose still more, I wish to add that I shall move the following resolution :—

“That this Chamber believes that any attempt to raise the value of silver would, if successful, seriously impede the progress of India, and it deprecates all action on the part of Government to subordinate the interests of this Dependency to those of foreign Powers, or to those of any other part of Her Majesty’s dominions.”

GEORGE YULE.

The Municipal Loan.



*The following scheme for raising Municipal Loans was submitted by
MR. GEORGE YULE to the Calcutta Corporation.*

THE Finance Committee is to meet on 30th instant, for the purpose of considering the methods by which the money needed by the Corporation may be raised. In view of such a Meeting the following observations may assist the deliberations of the Committee :—

1.—The amount required during the next three years is 15 lacs for the payment of maturing loans and about 35 lacs for water-works extension and drainage, besides whatever may be required for sanitary structural improvements.

2.—Three ways have been suggested for raising this amount—1st, by loans from the Imperial Indian Government; 2nd, by loans raised locally on the sole security of the Municipal rates; 3rd, by loans to be obtained in England, also on the sole security of the Municipal rates.

3.—The first method, it is generally conceded, would be the best, because it would be the cheapest, on the assumption that the Corporation get the money at the same rate as the Government itself could borrow it. I understand, however, that the Government has definitely settled that it will not lend money to Municipal bodies, and that all such bodies must rely upon themselves in raising the funds that they may require. I am not aware of the precise reasons the Government have for coming to this determination, but I can conceive, myself, sufficiently good and cogent reasons for the Government adopting such a course.

(a) The policy of the Government for some time back has been to throw off with all convenient speed the controlling power which they have hitherto exercised over the direction of local affairs, and it may be in contemplation to grant ultimately to Indian Municipalities the full measure of freedom that is now enjoyed by kindred bodies in England.

In this case it seems to me that the Government, ceasing to have any direct control over Municipal bodies, is justified, and I think properly justified, in refusing all responsibility in connection with their financial affairs. Where there is no control, there should be no responsibility.

(b) As a nation grows in civilization and wealth, its Governmental duties become more burdensome upon its several departments, and intelligent rulers seek to be relieved of the growing burden by urging with more or less persistence the duty of the people as they become fitted to take the direction of their own local affairs into their own hands.

(c) The Government may wish to avoid creating a dangerous precedent. If they lend money to Calcutta for the supply of water and similar purposes, it would be extremely difficult to resist applications for like assistance all over the country.

4.—Whether these, or some other reasons, be the true reasons, or whether they be adequate or not, there seems to be no doubt that the Government have in this respect a settled policy; and it would be probably a waste of time to urge our special claims upon them.

5.—Upon the assumption that the first method is not available to us, there remain the second and third for our consideration. I will take these in their order.

6.—Raising the money locally. There are two subsidiary questions to be determined in this connection—(a) Should the whole amount be asked for at one time or should it be divided in three parts according to our wants for the three years, and be asked for as it is wanted? (b) Should it be issued at a rate of interest that will give us reasonable ground for believing that par will be obtained for our debentures, or at a lower rate of interest which will involve a discount on their par price? As regards—

(a) To my mind it is more a matter of feeling or opinion, with more or less of reason at the bottom of them, whether it would be wiser to offer the whole 50 lacs at once, or only such an amount as will be needed for this year's outlay. The opinion I have formed is that the year's requirements only should be raised at present, and my reason for holding that opinion is this. The investment market has been under a thick cloud of depression, and all kinds of securities are abnormally low in price. There has been some improvement recently, and there are some grounds for believing that the depression is past its worst; but the improvement is not sufficiently established to enhance materially the value of public securities, and it appears to me that it would not be wise to offer more debentures than are required in a

market that is depressed, or that is just on the turn upwards. It may be that the better prospects are a mirage, and that disappointment is in store for those who see an improvement in the value of securities in the near future. That the depression will pass is pretty certain; that it is near its final phase is possible, and therefore, if a loan were to be fixed now that would cover our wants for three years, we would be shutting ourselves out from all opportunity of placing a large portion of the loan on easier terms than are likely to be got at the present time. As regards (b), while some sacrifice may be made for the sake of the advantage of uniformity in our rate of interest, there is a point beyond which the sacrifice may be greater than the convenience is worth. As a rule it will be found that lenders look more to the rate of interest that will immediately accrue than to the premium obtainable at the maturity of a loan at some distant time. I am, therefore, in favour of the principle of issuing loans at par at rates that will secure that end. In other words, I am in favour of a varying rate of interest as against a varying rate in the issue price of our debentures.

7.—There now remains for consideration the question, Should the money be raised locally or in England? The advantage or disadvantage of either course would in former days have altogether depended upon the rates that would have to be paid; but the question is a little complicated now by the changing relative value of gold and silver. If the money could be raised in England as a rupee loan, the question would be limited to the simple one, Which is the cheaper market? But there is room for much doubt, if not positive disbelief, that a rupee loan would be favourably received by English investors. If this be so, there is only the alternative of raising a gold loan with an obligation to pay in gold. The difficulty here is that, while our income is in silver, our payments both for the interest of the loan during its currency and the capital of the loan at its maturity, must be paid in gold.

8.—There is not much doubt that money could be raised in England at lower rates of interest than in Calcutta. At the moment of placing the loan, the value of silver and gold would matter nothing; for, if the loan were raised in gold, then the gold could be immediately exchanged for its equivalent in silver. The money borrowed would really be in the rupees we require, but the obligation to repay in gold would remain. Would it be prudent to enter into such an obligation? That would depend upon the circumstance whether the lower rate of interest would afford all reasonable security against a further divergence in the values of the two metals. The following statement sets forth the results of a loan contracted in gold in England at varying rates of

exchange. Borrow £30,000 in London at $4\frac{1}{2}$ per cent. to be remitted to Calcutta at 1.6 exchange, say to realize Rs. 4,00,000.

The annual charge for four lacs borrowed in Calcutta at $5\frac{1}{2}$ per cent. would be Rs. 22,000.

The annual interest on £30,000 at $4\frac{1}{2}$ per cent. would be £1,350, which would cost at—

1-6.	1-5 $\frac{3}{4}$.	1-5 $\frac{1}{2}$.	1-5 $\frac{1}{4}$.	1-5.	1-4 $\frac{3}{4}$.	1-4 $\frac{1}{2}$.	1-4 $\frac{1}{4}$.	1-4.
18,000	18,253	18,514	18,782	19,059	19,343	19,636	19,938	20,350

and the saving would be—

4,000	3,747	3,486	3,218	2,941	2,657	2,364	2,062	1,750
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and this would during 30 years amount to—

1,20,000	1,12,410	1,04,580	96,540	88,230	79,710	70,920	61,860	52,500
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to which add compound interest for 15 years at $4\frac{1}{2}$ per cent.=94 per cent.

1,12,800	1,05,656	98,324	90,710	82,908	74,918	66,646	58,092	49,340
2,32,800	2,18,066	2,02,904	1,87,250	1,71,138	1,54,628	1,37,566	1,19,952	1,01,850

These savings and accumulations would provide for the repayment of the principle £30,000 at the end of 30 years at the following rates of exchange approximately :—

0-11 $\frac{1}{8}$	0-11 $\frac{1}{4}$	0-11 $\frac{1}{2}$	8-0 $\frac{1}{4}$	1-0 $\frac{3}{4}$	1-1	1-1 $\frac{1}{8}$	1-1 $\frac{1}{4}$	1-2 $\frac{1}{8}$
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9.—This statement will be sufficient, perhaps, to enable the Committee to come to a judgment on the respective merits of a loan raised in Calcutta, and in England with an obligation to pay in gold. It has been stated, however, that the Government objects to local bodies borrowing out of India; but the objection does not seem to have any good reason to support it, and may therefore be overcome. If the Government will not themselves lend the money, they will surely not interpose any obstacle to our borrowing in the cheapest market. That would be to lay a wholly unnecessary burden upon the ratepayers. The tax to be paid in connection with the water and sanitation works will be a new and heavy burden to bear, but it is a needful, and, in the end, it will be an economical outlay. The money spent to keep a person or a community in good health is money well and reproductively spent, but a tax levied to pay interest at a higher rate than need be paid is pure waste.

10.—Knowing something of the financial resources of investors here and of the state of the money market, I am disposed to think that the local floating capital is not sufficient, or not free, to take off the loans that the Corporation and the Port Commissioners have to offer. If this be so, our position will be this. The Government themselves

refuse to lend the money to complete the undertakings they have urged us to proceed with; and they refuse to let us borrow it where alone it can be borrowed. The Home Department requires us to proceed with the work, and the Finance Department interposes an insurmountable obstacle to our doing the work. This is so unreasonable a position that I cannot believe it will be maintained. The Government must either lend us the money direct, or allow us a free hand to get it where we best can. If this is not conceded, I don't see how our task can be proceeded with. None of the Municipalities in the Colonies are prevented from going to the cheapest market with their loans. Indeed, they are encouraged to do so, because—1st, it is a saving to the ratepayers; and, 2nd, it allows the capital of the country to be employed in the development of local industrial undertakings.

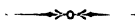
11.—In view of the high rate of interest that would have to be paid for money at present, and in view of the advantages of having the right to go to the cheapest market with our loans, it is worthy of consideration whether we should endeavour to raise the necessary funds for 12 months only, to enable the Corporation to enter into correspondence with the Government for the purpose of arranging with them to lend us the money we require, or to withdraw the prohibition to borrow where we can best do so.

26th January, 1886.

G. YULE.

Shortly after Mr. Yule's speech on the Famine Insurance Fund, the Secretary of the Chamber of Commerce received a private note from the Secretary to the Government of India asking that the Government be furnished with a copy of Mr. Yule's speech, with or without a covering note from the Committee, to enable the Government to make such official explanation as might be thought desirable. The following correspondence ensued.

Correspondence.



From Bengal Chamber of Commerce to Government of India.

Calcutta, June 16th, 1879.

I AM instructed by the Committee of the Chamber of Commerce to send you, as usual, their half-yearly Report, and especially I am requested to draw your attention to the address of the President at the General Meeting held on the 30th ultimo, and to say that the views therein expressed regarding the license-tax have their unanimous and entire support and approval.

I am further instructed by the Committee to say that in their judgment public confidence in the financial administration of the government of India has been seriously shaken by the manner in which the famine taxes have been appropriated to the general purposes of the State, and to express their earnest hope that the long-enduring trust of the people of this country in the good faith of the British Government may not be destroyed nor imperilled by persistence in a policy which amounts, in fact, to a confiscation of the famine fund.

It has been reported to the Committee that some of the Circular Orders that have been issued by the Board of Revenue in connection with the collection of the license-tax are of an unusual character, and that compliance with them involves a most serious injustice to the taxpayers.

The Committee, unwilling to accept any secondary evidence on the point, applied to the Board on the 4th instant for copies of all these Circular Orders, but they have as yet received no reply; I am, therefore, desired by the Committee to request that you will oblige them by instructing the Board to place those orders at their disposal.

From Government of India to Bengal Chamber of Commerce.

No. 1608. Simla, 8th July, 1879.

1.—I am directed by the Governor-General in Council to acknowledge the receipt of your letter, dated the 16th ultimo, forwarding a

copy of the Report of the Bengal Chamber of Commerce for the half-year ending the 30th April last.

2.—In this letter you request attention to the address of the President of the Chamber at the General Meeting held on the 30th ultimo. You state that the views expressed by the President regarding the license-tax have the unanimous approval of the Committee of the Chamber; and you request that the Board of Revenue may be directed to furnish the Committee with copies of the Circulars issued by them on this subject, having “been reported to the Committee that some of the Circular Orders that have been issued by the Board of Revenue in connection with the collection of the license-tax are of an unusual character, and that compliance with them involves a most serious injustice to the tax-payers.” I am directed to say in reply that the attention of the Government of Bengal (with which, as you are aware, the administration of the license-tax rests), has been called to the remarks made by the President of the Chamber and to the request of the Committee, and a further communication on this subject will be made to you hereafter.

3.—Your letter states that, in the judgment of the Committee of the Chamber, “public confidence in the financial administration of the government of India has been seriously shaken by the manner in which the famine taxes have been appropriated,” and the hope of the Committee is expressed that “the trust of the people of this country in the good faith of the British Government may not be destroyed or imperilled by persistence in a policy which amounts, in fact, to a confiscation of the famine fund.”

4.—That there should be difference of opinion on questions of public policy is inevitable. The Government not only does not complain of honest criticism of its measures, but it fully recognizes the high utility of such criticism, not only to the public interests, but to the Government itself. While, therefore, the Governor-General in Council regrets that the policy of the Government should have been, as your letter appears to him to shew, completely misunderstood, he has been glad to receive that letter; it satisfied him that the Government had not succeeded in explaining with sufficient clearness the real nature of the measures which it had taken, and whether this want of success is rightly attributable to the Government or not, the fact is one which it is useful that the Government should know.

5.—His Excellency in Council hopes that the Circular lately addressed to the Local Governments regarding the present financial position of the Government, and a copy of which is herewith forwarded,

will give to the Chamber of Commerce information on the principal points on which the policy of the Government appeared to have been misapprehended.

6.—With regard, however, to the remarks which Mr. Yule, the President of the Chamber, has made in his address, regarding the application of the taxes imposed for the protection of the country against famine, I am to say that the substance and manner of those remarks are such that his Excellency in Council must decline to discuss or to reply to them. He can only express his astonishment and regret that a gentleman holding such a post should have thought it becoming to charge the Government of India with deliberate dishonesty and bad faith, and contemptuous disregard of solemn promises and duties, or to countenance the imputation that its conduct has been “not only faithless, but cunning.”

7.—His Excellency in Council does not believe that such language as this is approved by a body of gentlemen like the Bengal Chamber of Commerce, long distinguished for its honourable feeling and its intelligence.

In view of the belief expressed and the censure implied in the 7th paragraph of this letter from the Government, the Committee of the Chamber resigned, for the purpose of testing the opinions of its members upon the merits of the dispute that had thus arisen between the Government and the Committee.

The resignation of the Committee was accompanied by a letter to the members of the Chamber, an extract from which is subjoined.

The voting on the occasion was the largest that has occurred in the history of the Chamber, and with the result that the Committee were all re-elected without one dissentient vote.

Extract.

The charges formulated by Mr. Yule against the Government may be summarized as follows:—

1.—That the taxes known as the “license,” or “famine taxes,” were raised under repeated assurances from the lips of the Viceroy that the proceeds of these taxes should be expended “not for general purposes, but for the construction of a particular class of public works to constitute an insurance against future famine; the Government pledged itself not to spend one rupee of the special resources thus created upon works of a different character,” whatever “the pressure of annual circumstances” might be; his lordship stating that he considered it

"binding on the honour of the Government to redeem to the uttermost, without evasion or delay, pledges for the adequate redemption of which the people of India can have no other guarantee than the good faith of their rulers."

2.—That these utterances, so emphatic and reiterated, coming as they did from a Governor-General invested with almost despotic authority, justified the general belief in a solemn pact between governor and governed as to the disposal of the famine taxes.

• 3.—That in like manner the License Tax Bill was recommended to the Bengal Council on the ground that the taxes to be raised in Bengal would be devoted to the construction of useful work within the same presidency, so as to give the Government the means of "saving the lives of the poor; of warding from their doors that famine spectre which had slain already so many of their brethren."

4.—That in faith of such pledges the taxes were accepted by the Councils of the Supreme and Local Governments.

5.—That the taxes have been levied exclusively upon particular sections of the community on the declared ground that such selected members of the general public were those who made money out of famines, or else were specially interested in providing against their recurrence.

6.—That, in spite of the pledges cited above, the proceeds of the famine taxes have not been applied in the construction of useful works, nor in any such manner as could intelligibly be called "insuring against famine"; but that they have been converted to the general purposes of the Government.

7.—That these circumstances had created in the minds of many a feeling that the action of the Government had been characterized by bad faith.

8.—That assessment of the license-tax had been conducted in an arbitrary and objectionable manner, and that its collection had involved numerous cases of injustice, and produced cruel distress among the most helpless section of the community.

After serious consideration of all the facts, your Committee arrived at the conclusion that Mr. Yule was justified in the views he expressed; and holding also with him that "it is a most serious disadvantage to the Government of a country to have existing, among any considerable portion of the people," an impression that there had been, in the action of the Government, "something akin to faithless and cunning conduct," your Committee were agreed that "it is the clear duty of citizens to give expression" to the fact of the existence of such a belief in order

that the Government "may see how the misapprehension had arisen and take steps to remove it."

It was not necessary to this consensus of opinion that the Committee should adopt every phrase and turn of expression which Mr. Yule might have used, but your Committee adopted the address as giving utterance, in substance, to views which had, and still have, their unanimous support.

As evidence that the views expressed by Mr. Yule, and adopted by your Committee, are not without sympathy in other parts of the empire, your Committee call your attention to the fact that, in their memorial to the House of Commons, dated the 22nd April, 1879, the Madras Chamber of Commerce declare that the Government of India had "entered into public pledges of a solemn and binding character"; that the Finance Minister had even gone beyond "ignoring such obligations"; that the Government had "broken faith with its taxpayers," and so behaved that, if any commercial company had acted similarly, it would have forfeited all claim to public confidence. These are not words uttered in a spoken address, but charges deliberately put forward in the course of a solemn appeal to the Imperial Parliament.

The Governor-General in Council, replying to the Secretary, expresses his astonishment that Mr. Yule "should have thought it becoming to charge the Government of India with deliberate dishonesty and bad faith, and contemptuous disregard of solemn promises and duties, or to countenance the imputation that its conduct has been not only faithless but cunning." His Excellency in Council does not believe that such language is approved by a body of gentlemen like the Bengal Chamber of Commerce.

The Committee believed that the members of the Chamber will find that the address of their President, outspoken though it be, is not open to the censure which the Government passes upon it. The passage singled out is the one which your Committee has already quoted: it is found on page 23 of the report. The President is not uttering his own sentiments, but reporting a current impression, and commenting on the harm it may do to the Government. For himself he is careful to draw a distinction between mere error, however mischievous in its results, and intentional evil-doing.

Whatever view may be taken of the fairness or otherwise of his Excellency's rejoinder, or of its pertinence to the serious questions brought under his Excellency's notice, the Committee accept his censure of their President as a censure upon themselves; and, labouring

thus under public reproof from the Viceroy of India, your Committee submit themselves to the judgment of the Chamber. They accordingly place their resignation in your hands, although willing to serve out their term of office if honoured by a renewal of your confidence.

Your Committee are unwilling further to occupy your time with anything not strictly relevant to immediate issues, but they think it may belong to their own justification to point out that the Circular of the 16th June, upon which rests the Government defence, is no real answer to Mr. Yule. The Circular passes over, almost in silence, those strong and positive assurances of the Governor-General upon which the people of India relied, to bring into prominence a carefully balanced paragraph of doubtful meaning in one of Sir John Strachey's speeches. The rest of the Circular amounts to little beyond an admission that the proceeds of taxes, contributed by special classes for specific objects, have not been so applied, but have been used towards the reduction of deficits, largely resulting from the pursuit of lines of policy obnoxious to none more than to many amongst the very class which pays the license-tax.

We remain,

Dear Sirs,

Yours faithfully,

GEORGE YULE,
President.

A. B. INGLIS,
Vice-President.

W. BLEECK.

R. EWING.

T. F. HAMILTON.

G. H. MORRISON.

J. W. O'KEEFE.



Bharati

S. Patwardhan Lane